

1. City Council Agenda

Documents:

[2019-12-05 City Council Agenda .Pdf](#)

2. City Council Meeting Materials

Documents:

[2019-12-05 Council Rules Memo.pdf](#)

[City Of Yachats FY2019 Audit.pdf](#)

[Yachats URA FY2019 Audit.pdf](#)

[Yachats URA FY2017 Audit.pdf](#)

[2019-101 RES Audit Findings.pdf](#)

[2019-94 RES Committee_Membership Reappointment.pdf](#)

[2019-12-05 Gimlet Memo.pdf](#)



CITY OF YACHATS

CITY COUNCIL WORK SESSION & REGULAR COUNCIL MEETING

441 Hwy 101 N., Yachats Commons, Room 1, Yachats OR

Thursday, December 5, 2019 at 9:30am

WORK SESSION AGENDA

- I. CALL MEETING TO ORDER
- II. WORK SESSION DISCUSSION TOPICS
 - A. Council & Commission Rules Discussion

REGULAR COUNCIL MEETING

- I. Announcements, Correspondence and Proclamations
- II. Public Comment: **Topics not listed on the agenda:** 5-minute limitation per person
- III. Consent Agenda
- IV. New Business
 - A. Receive FY19 Audit, FY17 & 19 URD Audit Guest: Teresa Hanford, Auditor
 - B. Commission Appointment Resolution
 - C. Gimlet Emergency Access
- V. Other Business
 - A. From Mayor
 - B. From Council
 - C. From Staff

The work session and regular council meeting are open to the public and interested citizens are invited to attend. These are open meetings under Oregon law, but a work session is not a community forum; audience participation is at the discretion of the Council. Meetings are audio-recorded. Public meeting minutes are available for review at City Hall. The meeting place is accessible to persons with disabilities. For accommodations, please call (541) 547-3565, or Oregon Relay 1-800-735-2900 TDD) two days in advance. City of Yachats does not discriminate on the basis of race, color, religion, creed, gender, national origin, age, disability, marital or veteran status, sexual orientation, or any other legally protected status.

In accordance with ORS 192.630, City of Yachats will make a good faith effort to provide accommodations for any person desiring to attend a public meeting, if the request is made at least 48 hours in advance of the meeting time. The meeting room is physically accessible to persons with mobility devices; a sign language or foreign language interpreter may be available, with advance notice. Call City Hall at 541-547-3565 or Oregon Relay 1-800-735-2900 (TDD) two days in advance. **Posted November 27, 2019**

Yachats City Council Vision

Our village is a place where natural resources are valued and protected, where diversity is celebrated, and where a vibrant economy and sense of community pride create and recreate a living spirit. Yachats cares not just for its citizens' basic needs but also supports them in their efforts to excel mentally, physically, artistically, and spiritually. It is a community with an enduring sense of itself.



DATE: November 22, 2019

TO: W. John Moore, Mayor
Yachats City Council

FROM: Shannon Beaucaire, City Manager

SUBJECT: Discussion of Council and Commission Rules

Mayor Moore has placed Council and Commission rules on the December 5, 2019 work session agenda. For your review and preparation for discussion, included are:

1. Feb. 14, 2019 memo from Mayor Moore
2. May 21, 2019 Memo from City Manager
3. Administrative Policies 1, 3, 6, 7, and 8
4. City Council Rules with Mayor Moore's bolded text
5. Commission Rules

Additionally, I have provided materials from the ICMA class I attended on good governance. I obtained numerous materials, but have provided here what I thought to be most relevant to the December 5 discussion and preparation:

1. Council Roles
2. Role of the Mayor
3. Governance Template, and
4. Council Roles – "legislative requirements"



DATE: Feb. 14, 2019

TO: City Council

FROM: Mayor Moore

SUBJECT: Item to consider for Council Rules

One item that has been discussed but not acted on in the previous Council pertains to sanctions – meaning what power does the Council have to discipline a fellow member of the Council for inappropriate behavior to staff members.

Let's discuss the following as a potential new section 6.5 of the Council Rules

6.5 Sanctions – Council Member Behavior and Conduct

City Council members who intentionally and repeatedly do not follow proper conduct may be reprimanded or formally censured by the Council. Serious infractions of the Council Rules could lead to other sanctions as deemed appropriate by Council.

Council members should point out to the offending Council member infractions of the Council Rules. If the offenses continue, then the matter should be referred to the Mayor in private. If the Mayor is the individual whose actions are being challenged, then the matter should be referred to the Council President.

It is the responsibility of the Mayor to initiate action if a Council member's behavior may warrant sanction. If no action is taken by the Mayor, the alleged violation(s) can be brought up with the full Council in a public meeting.

If the violation of the Council Rules is outside the observed behaviors by the Mayor or Council members, the alleged violation should be referred to the Mayor. The Mayor

should ask the City Manager and/or the City Attorney to investigate the allegation and report the findings to the Mayor. It is the Mayor's responsibility to take the next appropriate action. These actions can include, but are not limited to: discussing and counseling the individual on the violation(s); recommending sanction to the full Council to consider in a public meeting; or forming a Council ad hoc subcommittee to review the allegation; the investigation and its findings, as well as to recommend sanction options for Council consideration.



DATE: May 21, 2019

TO: W. John Moore, Mayor
Yachats City Council

FROM: Shannon Beaucaire, City Manager

SUBJECT: Input from Commissions on Organizational Structure

Dear Mayor and Council,

The Commission Chairs met on Friday, May 17 and discussed the Council's request for input on their purpose and role in the Yachats organizational structure.

The Commission's felt that the work they did for the budget document articulated what they saw each Commission's role to be. Those descriptions are attached to this document.

Among the thoughtful conversation, questions that arose were:

- How does Council want action items to come from the Commissions?
- How should Commission's interact with the 501c3's associated with their respective Committee's?
- How does Council envision communication from the Council to the Commissions?
- Would one Annual Meeting between Council and Commission/Committee Chairs be useful?

Other staff items that are arising following the Chair meeting:

- How do action items/recommendations go from Commission meetings to staff?
 - A draft Meeting Report has been developed by Staff in late May as a start to improve this process (attached)
- How do Commissions interact with other Commissions/Committees when items may cross over purposes?

We look forward to working with the Council to continue to develop procedures.

I. Planning Commission

The Planning Commission and City Planner/Code Enforcement Officer play an integral role in shaping the long-term character of the City through development and implementation of the Yachats Comprehensive Plan and other long-range planning documents. Planning for the City of Yachats is at a crucial turning point. There has been a rise in housing starts as well as an increased awareness of the need for more affordable housing for our local workforce. With this increased population comes an increase in the need to plan for the future of Yachats' built environment. Maintaining the "Coastal Village" atmosphere will take revisions to many of the current documents that dictate how the city grows and how that growth is managed.

GOALS

With the help of the City Planner, a priority timeline should be developed, and a step-by-step plan created with the goal of having the Comprehensive Plan and the City Council goals integrated and supported with enforceable Municipal Code.

COSTS

This work will be done by people without formal training in city planning. As the revising of the Sign Ordinance has shown, each step of this process can take months. Basic training for the current planning commissioners and subsequent training for any new commissioners is needed.

City planning has evolved over the past decades, especially since the introduction of environmental, health and sustainability designs and concepts. Given the residents strong leanings toward environmental stewardship, the City of Yachats might integrate some of these concepts into how it grows. Making use of available conventions and meetings of city planners and organizations that are at the forefront of these positive planning developments might be one way. Suggestions include:

- Utilize the Oregon Cascades West Council of Governments Community Economic Development programs.
- Have commissioners attend planning meetings held in other coastal communities.
- Cover some costs of attendance at Oregon based conferences and events.
- Host webinars for the planning commission at City Hall.
- Negotiate with related organizations to hold meetings in Yachats, such as:

- Oregon Chapter of the American Planners Association;
- Living Future Institute;
- Urban Land Institute Northwest; and
- US Green Building Council, Oregon.

II. Library Commission

The Yachats Public Library is an all-volunteer lending library funded principally by the City of Yachats. It provides residents and visitors to the Yachats area with an open, public facility that provides resources for accessing and sharing both entertainment and information.

The Yachats Library Commission oversees the management and operation of the Library and facilitates communications among the various entities involved in library related activities. Among these entities, the Commission works on a regular basis with:

- The Head Librarian and Children's Librarian who volunteer their time to provide ongoing, hands-on management of library operations.
- The library's volunteers who (a) provide staff for the library, (b) serve those who visit the library, (c) stock and maintain library shelves and displays, (d) prepare books for fundraising sales, and (e) perform any number of other vital, behind-the-scenes activities.
- The Friends of the Yachats Library, an independent, non-profit organization that supports and promotes library service to the Yachats area, including raising money to help fund library operations, finance improvements, maintain facilities, and provide resources for other vital library-related expenses.
- City of Yachats administrative staff who provide advice and support to help ensure that library activities and library infrastructure are functionally and technically sound.
- The Yachats City Council who need periodic and timely updates as to the library's status, activities, and goals.
- The citizens and visitors to the Yachats area who are the primary beneficiaries of this important local institution.

In addition, the Library Commission periodically reviews library policy, develops strategic short-term and long-range plans, and acts as a conduit for library-related discussion and concerns.

III. Parks & Commons Commission & Committees

Parks and Commons

The Parks & Commons Commission formulates rules, regulations, and standards for the operation of the City's parks, Commons building, and grounds in a manner that assures the security of City assets and encourages use by renters, residents, and visitors alike; establishes rental rates for Commons use; plans for the regulation, development, and improvement of the City's parks; works with the Facilities Manager to create an annual Facilities Maintenance Budget, cooperates with volunteer organizations and City groups in the advancement of the Commons; and recommends items for the annual budget to the Budget Officer and City Budget Committee. The Commission also supports the Little Log Church & Museum Committee ("Friends of the Little Log Church") and the Trails Committee.

Funding:

Funding is derived primarily from the City's restricted "Visitor Amenities Fund" resulting from the City's "Transient Lodging Tax" (TLT). Depending on the expense, supplemental funding can come from the City's General Fund.

Goals:

- Work to assist the City Council to ensure success with its 2019 Council Goals.
- Work with the Facilities Manager to create a comprehensive plan for upgrades to the Commons Building to ensure the continued desirability and functionality for the various entertainment and educational events held at the Commons annually.
- Maximize Commons Building income by encouraging promotion or co-promotion of appropriate events.

The Commons

The Yachats Commons is the community center in the heart of Yachats. The building was built in the 1930s and was used as a school until 1983 when it closed. In 1990 the building was purchased by the City of Yachats to be used as a community center. It is the heart and soul of the greater Yachats community, being host to such events as dances, meetings, exercise classes, plays, musical productions, conferences, festivals, the youth center and much, much more.

The building hosts City Hall and the Yachats Youth and Family Program. Rooms, lighting, and sound equipment, and picnic shelter are available for rent to individuals, groups, or organizations and can host small groups or large events.

Little Log Church & Museum

The Little Log Church Museum was built in the late 1920s by community volunteers using local timber hauled down the Yachats River. It was completed and dedicated in 1930. The church and property were sold to the Oregon Historical Society in 1969 when the congregation outgrew this site. It became a museum in 1970 and was deeded to the city of Yachats in 1986 for continued use for public purposes. The Little Log Church Museum houses photographs of the area, settler exhibits, and works by former resident artists and authors. It receives between 2,000 – 2,500 visitors annually.

Trails Committee

Formally adopted by the City of Yachats in 2009, the Yachats all-volunteer Trails Committee meets twice or more monthly (weather permitting) to maintain and develop hiking trails throughout the Yachats region. Additionally, the Committee has taken-up the task of removing invasive weeds on city property and replacing with native plants. This Committee often collaborates with the Siuslaw National Forest, Oregon Parks Recreation Department, Angell Job Corps, and other agencies to make our trail system the best regionally.

IV. Public Works & Streets Commission & Committees

Public Works Commission

The Public Works Commission is composed of up to seven Yachats citizens who have an interest in how the City Water, Wastewater, Streets, and Storm Drains are maintained, serviced, and other projects used to expand service. This also includes an understanding of how these services are paid for. The primary requirements for Commissioners are willingness to learn and a sense of curiosity of how these systems work and how delivery of these services is accomplished.

Funding:

Water and Wastewater services are paid for through the utility billing system. Streets are paid for from the Yachats share of Oregon Department of Transportation funds and grants. Storm Drains are paid for from transfers from other City funds.

Functions:

- Prepare recommendations to the City Manager and City Council for rules, regulations, and standards for the operation and use of Public Works systems.
- Prepare recommendations for future development, improvements, and maintenance for Public Works systems with the help of City Staff.
- Review all rates and fees for funding and improvements for all Public Works systems and prepare recommendations to the City Manager and City Council as part of the annual City Budget Process.
- Serve as the City Public and Traffic Safety Committee.
- Review monthly Budget Reports for all Public Works systems including Capital Improvement projects.
- Serve as the Franchise Review Committee for reviewing City Franchise agreements and make recommendations to the City Manager and City Council.
- Serve as liaison to various Lincoln County Committees or Work Groups associated with Public Works systems.
- Serve as the sponsoring Commission for the Emergency Preparedness Committee.

Goals:

- Sponsor Operation Clean Sweep in June 2019 and recruit Citizen Volunteers to assist Commission members to monitor collection site.
- Sponsor and assist with a review of the current utility billing system rates to ensure that capital reserves are adequate to fund future projects (by December 2019).
- Sponsor a review of options to increase the available water supply especially during July through October (by October 2019).
- Review current Franchise Agreements (by September 2019).

Emergency Preparedness Committee

The Emergency Preparedness Committee is composed of Yachats Citizens, City Staff, and other Lincoln County residents who have an interest in how the City and surrounding areas prepare to withstand various natural, accidental, and human caused life threatening events. This includes events such as Tsunamis, earthquakes, storms, fires, biological outbreaks, and landslides. The primary requirements to serve are willingness to learn and a sense of curiosity of how the City and citizens can protect institutions and themselves.

Funding

Committee activities are supported by volunteer efforts, City funds, and grants. Any request for City funds or grants must be reviewed and recommended by the Public Works and Street Commission before they can be sent for consideration by the City Manager and City Council.

Functions

- Maintain the City's Storm Ready and Tsunami Ready certification.
- Conduct events and exercises to improve City resilience when an emergency occurs.
- Conduct events and exercises to improve Citizen awareness of how to cope with an emergency event.
- Maintain a working liaison with the Yachats Rural Fire Protection District.
- Maintain a working liaison with Lincoln County organizations on Emergency Preparedness functions.
- Maintain a list of City Staff and Citizens who completed FEMA/NIMS training courses.

Goals

- Conduct a Table Top Exercise before October 2019.
- Update Incident Staff descriptions by November 2019.
- Develop Tsunami Evacuation Plan by December 2019.
- Renew Storm Ready and Tsunami Ready Certification by May 2019.
- Refresh contents of North and South storage containers by August 2019.

CITY OF YACHATS

ADMINISTRATIVE POLICY NO. 1

ANNUAL GOAL SETTING

OBJECTIVE

To facilitate an orderly process for handling short and long-term projects and concerns within the City's jurisdiction and to lay a basis for the new year's budget.

SCHEDULING

At the beginning of each calendar year, the City Council shall hold a public Goal Setting Work Sessions in conjunction with the appropriate City Department Heads. City Council shall meet in January.

PROCEDURES AND OBJECTIVES

1. **Goal Input.** During the proceeding November, the City shall solicit comments from Commissions, staff, and the community for additions to and amendments to City goals.
2. **Review.** The City Council shall consider community strategic needs, review existing goals as they relate to those needs, and revise goals as appropriate.
3. **Scope of Considerations.** Goals may be both short-term (1-5 years), and long-term (5-20 years). Council shall rank the goals in priority order.
4. **Budget Considerations.** Adopted goals shall serve as preliminary groundwork for proposed budget recommendations.
5. **Timetables.** The council shall set realistic timetables for accomplishing goals after consultation with appropriate commissions and staff.
6. **Implementation.** Appropriate Commissions and Department Heads shall prepare implementation plans for each City Goal Action and written evaluations shall be conducted every six months to measure progress.
7. **Mid-Year Review.** In June or July, staff and commissions shall review progress on goals and make adjustments and recommendations as needed.

CITY OF YACHATS

ADMINISTRATIVE POLICY NO. 3

AGENDA DEADLINE

OBJECTIVES

To provide the Council and Commissions with accurate and timely material with which to evaluate matters before them, to provide time for onsite inspections as required, to provide staff with sufficient processing time and to facilitate orderly progress within a public meeting.

DEADLINE

The deadline for public submission of topics for inclusion on the Agenda of a regularly scheduled Council or Commission meeting shall be 12:00 noon, on Wednesday of the calendar week before the meeting.

LATE SUBMISSIONS

Items submitted after the deadline may be heard by the Body at their own discretion. Otherwise, they shall be put on the Agenda of the next regularly scheduled meeting. In addition, matters which are not on the agenda may be added before the meeting begins if there is a consensus of the Council or Commission to do so. The agenda also allows for "other business" to be discussed at the end of the meeting, and if necessary action may be taken.

CITY OF YACHATS

ADMINISTRATIVE POLICY NO. 6

USE OF CITY STAFF

OBJECTIVE

To clarify the procedure for requesting City Staff work or time and contact with individuals under contract with the City to serve in certain positions as such use of resources is in fact an expenditure of City funds.

WHO MAY REQUEST STAFF WORK/TIME

City Attorney and Municipal Court Judge – Contact with and use of the City Attorney's time, except for City Staff in the performance of their assigned duties must be authorized by the Mayor or Council President.

Contact with the Municipal Court Judge, other than by the Municipal Court Clerk and/or City Staff authorized to enforce violations of City Ordinances must be authorized by the Mayor or Council President.

City Staff - Only the Mayor, Councilors, or Commission Chairs are authorized to request work/time of City Staff. This shall include, but not be limited to, typing, site inspection, telephoning, etc.

- The Mayor or Councilors shall not direct staff to initiate any action or prepare any report that is significant in nature, or initiate any project or study without the approval of a majority of the Council unless such work is related to projects previously assigned.
- Commissions shall not direct staff to initiate any action or prepare any report that is significant in nature or initiate any project or study unless the City Council has directed the Commission to undertake the associated project, plan development or analysis, or if the tasks are related to the authority delegated by City Council or a Commission goal that has been adopted by the City Council.
- All other requests shall be considered to be public records requests and shall proceed as provided in Administrative Policy No. 14 – Public Access to Documents.

FORM AND TIMING OF REQUESTS

Requests for significant staff work/time as authorized above are to be in writing and submitted to the supervisor at least three days before the work is required.

Emergency needs for City Staff work/time must be addressed through the Mayor or Council President.

HARASSMENT OF CITY STAFF

Department heads (City Recorder, Public Works Director, and City Planner) will be responsible for suspending contact with any citizen who is deemed by them to be impeding the staff from carrying out their duties to the entire city or harassing a staff member. All such incidents will be reported to the City Council.

CITY OF YACHATS

ADMINISTRATIVE POLICY NO. 7

AGENDA PACKETS

OBJECTIVES

To provide procedures for making meeting information available to the City Council, Commissions and the public; and, reduce copying expenses.

WHEN AVAILABLE

All agenda packets shall be posted as electronic packets to the City's website and the document library before the close of business on Friday of the calendar week before a Council or Commission meeting. An email will be sent to the Council or Commission members to let them know that the packets are available for their review.

Packets shall also be available at City Hall for public review. Copies may be obtained at the current cost.

After meetings packets will be filed intact.

PACKET MATERIAL

1. **Text Exhibits.** Packets shall include copies of applications, map locations and any other pertinent, easily reproducible text exhibits.
2. **Drawings and Reports.** Drawings, reports and other materials difficult or expensive to reproduce will be made available in limited quantity at work sessions or scheduled meetings and will be available for inspection at City Hall during regular business hours.

CITY OF YACHATS

ADMINISTRATIVE POLICY NO. 8

MINUTES OF MEETINGS

OBJECTIVES

To cut down on work/time of City Staff, to cut down on copying costs, and to simplify records.

GENERAL FORMAT

All official printed Minutes of any meetings of all city commissions, boards, and committees shall be fashioned after the minimum as required by State Law with minor additions. Recordings of entire meetings will be kept on file for more detailed references for a period of two years. All Minutes shall be published in the City's document library.

CONTENTS OF MINUTES

1. **Meeting Particulars.** Minutes shall include the date, time, and place of all meetings.
2. **Recordings.** Agendas shall indicate that all proceedings are being recorded for back-up reference.
3. **Attendance.** Minutes shall include the names of all members of the governing body and indicate whether they are present or absent.
4. **Motions.** Minutes shall include all motions, proposals, resolutions, ordinances, and measures proposed and their disposition.
5. **Result of Votes.** Minutes shall include the results of all votes and the vote of each member by name.
6. **Substance of Topics.** Minutes shall include an outline of the substance of discussion on any matter.
7. **Reference to Documents.** Minutes shall include any references made to any specific document mentioned in discussion.
8. **Public Participants.** The Minutes shall include the name of member of the public who addressed the body.
9. **Emergency Meetings.** The Minutes shall include, if required, the nature of the emergency for calling an emergency meeting.
10. **Speeches and Statements.** Speeches or statements or the exact text of discussions shall not be transcribed verbatim.

August 12, 2010

City Council Rules

City of Yachats, Oregon



Initially Adopted and Effective March 1, 2005

Amended April 11, 2005

Amended April 6, 2008

Amended June 11, 2008

**Amended November 1,
2008**

Amended January 3, 2012

Amended March 5, 2013

Amended July 4, 2015

Amended August 1, 2018

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1 Authority and Purpose Statement

The Charter of the City of Yachats provides that the Council shall adopt rules for the government of its proceedings. The City utilizes the Council-Manager form of government which combines the political leadership of local elected officials (Mayor and City Council) with the managerial experience of an appointed manager. All power and authority to set policy rests with the City Council. The City Council in turn hires a nonpartisan manager who has very broad authority to run the organization. The following set of rules shall be in effect upon their adoption by the Council and until such time as they are amended or new rules adopted.

2 Meetings of the Council

2.1 Meetings to be Public

The deliberations and proceedings of the Council shall be open to the public, except as state law may provide otherwise (e.g., executive sessions).

2.2 Regular City Council Meetings

The Council shall meet at 9:30 AM on the first **Thursday** of each month, following the work session, if held, and at **2:00 p.m.** on the third Wednesday of each month in the City Hall Council Chambers or at any place that the Council may direct. On recognized City holidays which fall on a Wednesday, the Council shall determine date, time and place of that meeting.

2.3 Special City Council Meetings

The Mayor, or in the Mayor's absence, the President of the Council may call a special meeting of the Council. Three Councilors may also call a special meeting by filing a request with the City Manager. Notice of a special meeting shall be given to each member of the Council at least 24 hours in advance of the meeting. Notice may be given in writing, in person, by telephone or by email. No business other than that for which a special meeting is called can be transacted at a special meeting.

2.4 Executive Sessions

An executive session (a meeting closed to the public) may be held in accordance with the Oregon Public Meetings Law. The Presiding Officer, or three (3) Councilors may call any regular, special or emergency meeting into executive session by citing the specific provision of ORS 192.660 which authorizes the session. Executive sessions may also be separately scheduled pursuant to the requirements for special meetings.

2.4.1 Attendance at Executive Sessions

The Presiding Officer shall determine which persons other than the Council shall attend an executive session.

2.4.2 Media Attendance

Representatives of the news media shall be allowed to attend executive sessions except those called pursuant to the ORS subsection for deliberations with persons designated to carry on labor

negotiations. The Presiding Officer shall instruct any media representatives present not to disclose the substance of any discussion during executive session.

2.4.3 Final Decision Prohibited.

No final decision shall be made in executive session. To make a final decision, the Presiding Officer shall either call the meeting into open session or place the decision on the agenda of a future open session.

2.5 Work Session Meetings

Work Session meetings may be held on the first Wednesday of the month and would precede the regular Council Meeting. Work Sessions may also be scheduled as necessary by consensus of the Council. Work Session meetings are informal sessions to review upcoming issues, receive special reports, conduct goal setting sessions and for special training purposes.

2.5.1 Subjects For Work Sessions

Review the list of topics to be included on the agenda of the next regular meeting with the following considerations:

- **Staff/Council Discussion.** Provide an opportunity for discussion between staff and Council to analyze an issue and receive direction from Council on how to proceed.
- **Information.** Receive selected information concerning proposed agenda items.
- **Available Data.** Establish if enough information has been submitted for the Body to make informed decisions. If more information is required, notify City staff that additional information is required before the regular meeting.
- **Finalize Agenda.** Set final Agenda for the regular meeting. Allowing for time constraints, determine if an additional meeting will be needed to address all agenda items or if certain items can be carried over to the next month's agenda.

2.5.2 Limits to Topics For Discussion

The merits of specific topics brought before the body by the public should not be discussed nor any direct action taken until a regularly scheduled meeting.

3 Meeting Procedures

3.1 Presiding Officer and Duties

The Mayor, or in the absence of the Mayor, the Council President, shall be the Presiding Officer at all meetings. In the case of the absence of the Mayor and the Council President, the City Manager shall call the meeting to order and the Council shall elect a Presiding Officer by majority vote. The Presiding Officer shall conduct all meetings, preserve order, enforce the rules of the Council and determine the order and length of discussion on any matter before the Council subject to these rules. The Presiding Officer may debate and vote on any issue.

3.1.1 Quorum Requirements

The Presiding Officer shall call the meeting to order at the time designated for a scheduled meeting. Except to adjourn, a quorum is necessary to conduct business at any meeting of the City Council. Quorum is defined by charter as a majority of the Council members.

3.1.2 Right of Councilor to be Heard

Every Councilor desiring to speak shall gain the attention of the Presiding Officer by raising his/her hand and, upon recognition by the Presiding Officer, shall confine their remarks to the question under debate. No member shall speak more than once on the same subject until all members who wish to speak have had the opportunity to do so. Agenda item "Other Business - Council" is the time for Council members to offer a topic for consideration for a future Council agenda. Members should state their concern up front, followed by a brief explanation of why the Council may want to consider the topic at a future meeting. Questioning of Staff. Councilors desiring to question the administrative staff may direct the inquiry to the Presiding Officer or to the person designated by the Presiding Officer to answer the inquiry during the Council meeting.

3.1.3 Preservation of Order

The Presiding Officer shall preserve order and decorum, discourage attacks on personalities or the impugning of Councilor's motives, and confine Councilor debate to the question under discussion. Persons in attendance at the meeting who become disorderly, abusive, or disruptive may be removed from the meeting. The Presiding Officer may summon the assistance of police or other administrative staff to assist in maintaining order, and if an arrest of a person(s) is deemed necessary by the presiding officer to restore or maintain order, the Presiding Officer may sign a complaint or citation on behalf of the city.

3.1.4 Points of Order

The Presiding Officer shall determine all points of order, subject to the right of any Councilor to appeal to the Council.

3.1.5 Administrative Staff, City Employees Addressing Council

City administrative staff and other City employees desiring to address the Council shall first be recognized by the Presiding Officer and shall address such remarks to the Presiding Officer. The staff shall respond to questions or comments by the Council or members of the public with permission of the Presiding Officer, and shall do so in a polite, tactful manner.

3.1.6 Public Comment

No person shall enter into any discussion without being recognized by the Presiding Officer. Any citizen desiring to address the Council should come to the designated location to address the Council and be recognized by the Presiding Officer. After being recognized by the Presiding Officer, the person shall state their name and address for the record and their remarks shall be limited to the question under discussion or agenda items.

Agenda item “Public Comment” provides the opportunity for any member of the public to speak on any topic that is not on the meeting agenda. There will be an opportunity to speak on agenda items as the items are announced. Audience members will be recognized by a show of hand, and will come forward to the podium, stating name and address for the record. Audience members are asked to address their comments to the Presiding Officer, avoid personalizing or directing comments to any one or more individuals, try to be succinct and avoid lengthy commentary. Responses from Council members should be made after being recognized by the Presiding Officer.

Any citizen addressing the Council shall be limited to five minutes unless further time is granted by the Presiding Officer. No citizen shall be allowed to speak more than once upon any one subject until every other citizen choosing to speak has had an opportunity.

After a motion has been made, no citizen shall address the Council without first securing permission from three councilors.

3.2 Decorum of Meeting.

3.2.1 Improper Conduct

The following items are not condoned by the City Council and may be cause for the Presiding Officer to have the person(s) removed from the Council Chambers:

- Using or making of loud or disruptive language, noise or conduct which obstructs the work or the conducting of the business of the Council.
- Engaging in violent or distracting action.
- Willful injury of furnishings or of the interior of the Council Chambers or other meeting place.
- Refusal to obey any rules of conduct, including the limitations on occupancy and seating capacity.
- Refusal to obey an order of the Presiding Officer or an order issued by a Councilor which has been approved by a majority of the Councilors present.

3.2.2 Removal Action

The Presiding Officer shall warn any person(s) whose conduct is described above before taking action to have such person(s) removed.

3.2.3 Vacating Council Chambers

If a meeting is disrupted by members of the audience, the Presiding Officer or a majority of the Councilors present may call for a recess until order is restored.

3.2.4 Picture Taking and Filming

Filming in the Council Chambers or other meeting places shall be allowed when permitted by the Presiding Officer.

3.2.5 Seating Capacity And Safety Requirements

The safe occupancy and seating capacity of the Council Chambers, as determined by the Fire Chief, shall be posted within the Council Chambers. The limitations on occupancy and seating capacity so determined and posted shall be complied with at all times.

Aisles shall be kept clear at all times. Members of the audience shall abide by the seating plan in the chambers, and should not move forward of the seating areas unless wishing to address and be recognized by the Presiding Officer.

3.2.6 Flags, Signs and Posters

No flags, posters, placards, or signs, unless authorized by the Presiding Officer, may be carried or placed within the Council Chambers, any other meeting place, or in any meeting place where a public hearing is being held. This restriction shall not apply to arm bands, emblems, badges or other articles worn on personal clothing of individuals, provided that such devices are of such a size and nature as not to interfere with the vision or hearing of other persons at the meeting, and providing that such devices do not extend from the body in a manner likely to cause injury to another.

3.2.7 News Media

The Council recognizes the important role of the news media in informing the public about the decisions, activities and priorities of government. Accommodations shall be made where practical for members of the press at Council meetings so that they may observe and hear proceedings clearly. The terms “news media” “press” and “Representative of the press” for the purpose of these rules are interchangeable and mean someone who:

- Represents an established channel of communication, such as a newspaper or magazine, radio or television station; and
- Regularly reports on the activities of government or the governing body.
- Final decisions on the qualifications of an individual as a representative of the news media shall rest with the Council.

3.3 Rules of Order

The City of Yachats has adopted Modern Parliamentary Procedure by Ray E. Keesey as its procedural guide for deliberation and decision making, subject to charter and ordinance provisions.

3.3.1 Ordinary And Special Motions

General consent may be used for ordinary and special motions such as:

- to adjourn
- to recess
- to close deliberation
- to postpone
- to refer
- to withdraw, reconsider, or rescind

3.3.2 Main Motions

For main motions such as requests for action, policy changes, appointments, etc., use the following:

Parliamentary procedure:

After a motion has been made the presiding officer:

- Asks if the motion is understood by the entire Council.
- Invites discussion (from the Council).
- Restates the motion in its final form (the minutes taker can repeat the motion).
- Asks for the affirmative vote followed by the negative vote.
- Announces the result of the voting and adds any necessary information to interpret or to effect the decision.

3.4 Order of Business

The order of business of the City Council shall be as follows:

- Announcements
- Correspondence
- Public Comment
- Consent Agenda
- Minutes of the Previous Work Session, Executive and Regular Meeting.
- Bills for Approval
- Resolutions Memorializing Actions Taken by Simple Motion at Previous Meeting
- Resolutions Not Requiring Further Discussion by Council
- Other Actions Not Requiring Further Discussion by Council and Those Actions Outlined in Council Rules
- Reports
- Guests
- Commissions
- City Council
- Public Works Director
- City Manager
- City Attorney
- City Planner
- Public Hearing
- Unfinished Business
- New Business
- Other Business
- From the Council
- From the Staff

The Mayor or Presiding Officer has authority to adjust the agenda items and order of business.

3.4.1 Consent Agenda

Before the vote is taken on the Consent Agenda, a Council member may request that one or more items be excluded therefrom. The remaining items may then be voted upon as a whole. Items removed from the Consent Agenda as provided above shall be taken up for action immediately after the Consent Agenda vote and before the next item on the agenda is taken up.

3.5 Public Hearings

The public hearing procedure shall be followed as set forth in the Municipal Code and or Resolutions adopted by City Council. See Exhibit "A" (attached).

The Presiding Officer may, with the approval of Council, limit the time and number of speakers at each public hearing. In such event, the Presiding Officer shall announce such restriction prior to beginning of the hearing.

3.6 Voting Procedures

The vote on every motion shall be taken and entered in the meeting minutes. The Council will normally exercise its administrative authority by approving resolutions. Actions adopted by simple motion shall be memorialized by adoption of a resolution at the following meeting. Such resolutions shall be placed on the consent agenda.

3.7 Duty to Vote

Except as otherwise provided by law, every member shall vote, unless three or more Councilors excuse the member from voting. Any Councilor shall withdraw themselves from the item being voted on should there exist a direct pecuniary interest in the matter. If a member is not ready to vote, the member may request additional time to consider their response and the Council may wait.

3.7.1 Reconsideration of Actions Taken

Any Councilor who voted with the majority may move for a reconsideration of an action at the same or the next following regular meeting. Once a matter has been reconsidered at the same meeting, no motion for further reconsideration shall be made without unanimous consent of the Council.

3.7.2 Absentee Voting

The right to vote is limited to those present at the time of the vote. Attendance by electronic means (phone, Skype, etc.) is considered present.

3.8 Annual Goal Setting

In January of each calendar year, the City Council shall hold a public Goal Setting Work Session in conjunction with the appropriate City Department Heads.

3.8.1 Procedures and Objectives

- * Goal Input.** During the preceding November, the City shall solicit comments from Commissions, staff, and the community for additions to and amendments of City goals.
- * Review.** The City Council shall consider community strategic needs, review existing goals as they relate to those needs, and revise goals as appropriate.
- * Scope of Considerations.** Goals may be both short-term (1-5 years), and long-term (5-20 years). Council shall rank the goals in priority order.
- * Budget considerations.** Adopted goals shall serve as preliminary groundwork for proposed budget recommendations.
- * Timetables.** The council shall set realistic timetables for accomplishing goals after consultation with appropriate commissions and staff.
- * Implementation.** Appropriate Commissions and Department Heads shall prepare implementation plans for each City Goal Action and written evaluations shall be conducted every six month to measure programs.
- * Mid-Year Review.** In June or July, staff and commissions shall review progress on goals and make adjustments and recommendations as needed.

4 Agenda Packets for City Council Meetings

- Any councilor may request to have an item placed on the Council agenda.
- Any Councilor may request, if responsible for an agenda item, postponement of the item to another meeting if the Councilor cannot be present at the meeting at which time the item is scheduled.
- Any two Councilors may request that an item be postponed to the following meeting. Further postponement requires a majority vote of the Councilors present.

4.1 Deadline

The deadline for public submission of topics for inclusion on the Agenda of a regularly scheduled Council meeting shall be 12:00 noon, on Tuesday (**Wednesday**) of the calendar week before the meeting for the Council.

4.2 Late Submissions

Items submitted after the deadline may be heard by the Council at their own discretion. Otherwise, they shall be put on the Agenda of the next regularly scheduled meeting. **In addition, matters which are not on the agenda may be added before the meeting begins if there is a consensus of the Council to do so. The agenda also allows for "other business" to be discussed at the end of the meeting, and if necessary, action may be taken.**

4.3 Packets Available

All agenda packets shall be posted as electronic packets to the City's website and the document library before the close of business on Friday of the calendar week before a Council meeting. An email will be sent to the Council members to let them know that the packets are available for their review.

Packets shall also be available for Council members to pick up at City Hall at the end of business hours on Friday of the week before a regularly scheduled meeting. A sample Council packet will be filed intact in the permanent files. Packets shall be available at City Hall for public review. Copies may be obtained at the current cost. A complete packet will be available for audience review during Council and Commission Meetings.

4.4 Packet Material

4.4.1 Text Exhibits

Packets shall include copies of applications, map locations and any other pertinent, easily reproducible text exhibits.

4.4.2 Drawings and Reports

Drawings, reports and other materials difficult or expensive to reproduce will be made available in limited quantity at work sessions or scheduled meetings and will be available for inspection at City Hall during regular business hours.

5 Minutes of the City Council Meetings

5.1 General Format

All official printed minutes of City Meetings shall be fashioned after the minimum as required by State Law with minor additions. Audio tape recordings of entire meetings will be kept on file for more detailed references for a period of two years.

5.2 Contents of Minutes

- **Meeting Particulars.** Minutes shall include the date, time, and place of all meetings.
- **Audio Taping.** Agendas shall indicate that all proceedings are being audio tape recorded for back-up reference.
- **Attendance.** Minutes shall include the names of all members of the governing body and indicate whether they are present or absent.
- **Motions.** Minutes shall include all motions, proposals, resolutions, ordinances, and measures proposed and their disposition.
- **Result of Votes.** Minutes shall include the results of all votes and the vote of each member by name.
- **Substance of Topics.** Minutes shall include an outline of the substance of discussion on any matter.
- **Reference to Documents.** Minutes shall include any references made to any specific document mentioned in discussion.
- **Public Participants.** The Minutes shall include the name and address of members of the public who addressed the body.
- **Emergency Meetings.** The Minutes shall include, if required, the nature of the emergency for calling an emergency meeting.
- **Speeches and Statements.** Speeches or statements or the exact text of discussions shall not be transcribed verbatim.

5.3 Submittal to Council

After being prepared in draft form by the City Manager or designee, the City Manager shall submit the minutes to Council as part of the "Consent Agenda" for the next regular Council meeting agenda.

5.4 Amendment & Approval by Council

The Council may amend the minutes to more accurately reflect what transpired at a meeting. An individual Councilor may call for additions or corrections to the minutes during the Work Session Meeting or before adoption of the consent agenda, and unless there is disagreement from other Councilors, the motion to approve the Consent Agenda shall include the minutes as amended. If the Council questions the minutes or is unsure they accurately reflect what transpired during a meeting, the Council may postpone approval of the minutes until a transcript of the portion of the meeting in question can be prepared. Information obtained subsequent to a meeting, which is relevant to discussions or action which occurred during that meeting, may be referenced into the record of the meeting at which the minutes are approved. The Council is the final authority as to amendment of the minutes. After Council approval, the City Manager shall incorporate any amendments approved by the Council, the Mayor shall sign the minutes. Under no circumstances shall the minutes be changed following approval by the Council, unless the Council authorizes such a change.

5.5 Retention

When approved and fully executed, the minutes shall be kept on file in the City Manager's Office. A "working copy" may be prepared for use in the City Manager's Office with the original transferred to the city storage area for permanent retention.

5.6 Public Access and Copies

Both written minutes and sound recordings (as long as kept) shall be available for public inspection during office hours. Copies of the written minutes shall be available to the public at the currently established price. Sound recordings and a transcriber shall be available to the public for use on City premises. Citizens may use their own storage device to make copies of sound recordings. The City Manager may implement additional reasonable rules and procedures to assure the preservation of original sound recordings. The City is not required to cause a transcript to be made of Council meetings. Upon a citizen request, however, copies of transcripts made for other purposes shall be made available in the same manner and for the same cost as written minutes.

6 Guidelines and Procedures for City Councilors

6.1 General Conduct

- Councilor should only speak for himself/herself and not for other Councilors, unless authorized to do so by the Council.
- Councilors should avoid personalizing issues; therefore, discussion should be issue-oriented.

- Councilors should not create or infer a change in City policy before, during or after consideration of a particular issue unless the specific issue has been established as policy by vote of the Council.
- During public meetings, Councilors should not attempt to edit or rewrite existing ordinances because of the potential impact on other issues. If changes are necessary, amendments to an ordinance shall be prepared and reintroduced.

6.2 Conflict of Interest

Generally, conflicts of interest arise in situations where a Councilor, as a public official deliberating in a quasi-judicial proceeding, has an actual or potential financial interest in the matter before the Council. Under state law, an actual conflict of interest is defined as one that would be to the private financial benefit of the councilor, a relative or a business with which the Councilor is associated. A potential conflict of interest is one that could be to the private financial benefit of the Councilor, a relative or a business with which the Councilor is associated. A relative means the spouse, children, siblings or parents of the public official or public official's spouse. A Councilor must publicly announce potential and actual conflicts of interest and, in the case of an actual conflict of interest, must refrain from participating in debate on the issue or from voting on the issue.

6.3 Legal Advice

Use of the City Attorney's time must be authorized by the Mayor or Council President. Requests to the City Attorney for advice requiring legal research shall not be made by a Councilor except with the majority approval of the Council. Before requesting research or other action by the City Attorney, the Council is encouraged to consider consulting with the City Manager to ascertain whether the request or action can be accomplished more cost-effectively by alternate means. Outside a Council meeting, a Councilor should make requests of the City Attorney through the City Manager. Exceptions to this are issues related to the performance of the City Manager and unique and sensitive personnel that involve city business-related requests. The City Attorney shall in either case provide any written response to the full Council and City Manager.

6.4 Communication with Staff

Councilors shall respect the separation between policy making and administration by:

- **Refraining from interfering with the day-to-day administration of the City business, which is the responsibility of the City Manager.**
- Respecting the administrative functions of the City Manager and department heads by refraining from actions which could undermine their authority.
- Not attempting to influence or coerce the City Manager or department head concerning personnel, purchasing, awarding of contracts, selection of consultants, processing of development applications or the granting of City licenses and permits.
- Addressing all formal inquiries and requests for information from staff to the City Manager or City Attorney and allowing sufficient time for response. All written information given by the City Manager or his/her designee to one Councilor should be distributed to all Councilors.

- **Limiting individual inquiries and requests for information from staff, contract resources, or department heads to those questions that may be answered readily as part of staff's day-to-day responsibilities. Questions of a more complex nature will be directed to the City Manager. Questions from individual Council members requiring significant staff time or resources (two hours or more) should normally require approval of the Council, although the City Manager may determine to follow up on requests from individual Councilors..**
- **Respecting roles and responsibilities of staff when and if expressing criticism in a public meeting or through public electronic mail messages. Staff shall have the same respect for the roles and responsibilities of Council members. All written informational material requested by individual Councilors will be submitted by staff to the entire Council with a notation indicating which Councilor requested the information.**
- **Councilors should never express concerns about the performance of a City employee or contract resource in public, to the employee / contractor directly, or other city employees, volunteers, commission members, committee members, or outside agencies. Comments about staff performance should only be made to the City Manager through private correspondence or conversation.**
- **Nothing in this section precludes Council members from obtaining information and asking questions during Council meetings or from evaluating the performance of the City Manager.**
- **City Councilors will be provided a City email specifically for City business. While Councilors can communicate amongst themselves via email, those emails may not include a quorum and may not be forwarded to others in a manner which creates a quorum. All emails must be copied to the City Manager for retention purposes.**

Requests of use of City staff time shall be made to, and scheduled through the **City Manager**. This shall include, but not be limited to, typing, site inspection, telephoning, etc.

6.5 Confidentiality

Councilors will keep all written materials provided to them on matters of confidentiality under law in complete confidence to insure that the City's position is not compromised. No mention of the information read or heard should be made to anyone other than other Councilors, City Staff, or City Attorney.

If the Council in executive session provides direction or consensus to city staff on proposed terms and conditions for any type of negotiation whether it be related to property acquisition or disposal, pending or likely claim or litigation, or employee negotiations, all contact with other parties shall be made by designated staff or representatives handling the negotiations or litigation. A Councilor will not have any contact or discussion with any other party or its representative nor communicate any executive session discussion.

All public statements, information, or press releases relating to a confidential matter will be handled by staff designated by majority of the Council.

The Council, by vote, may reprimand a member who discloses a confidential matter, or take any other appropriate legal action.

6.6 Expenses and Reimbursement

Councilors will follow the same rules and procedures for reimbursement as those which apply to City employees, as established by City policy. Councilor expenditures for other than routine reimbursable expenses (e.g., conference registration, travel, etc.) must require advance Council approval according to the purchasing rules which apply citywide.

A Councilor who will be traveling on City business may make his or her own reservations for travel and lodging in accordance with City policy. Upon request to the City Manager, travel accommodations for Councilors will be made by City Staff.

The City does not reimburse Councilors for expenses incurred by their spouses.

Exhibit A – Hearings Procedures for Land Use Matters

CITY OF YACHATS - RESOLUTION NO. 2007-02-01

A RESOLUTION ADOPTING RULES OF PROCEDURE FOR THE CONDUCT OF HEARINGS RELATING TO LAND USE MATTERS AND REPEALING RESOLUTIONS NO. 62 AND NO. 280

WHEREAS, legislation of the State of Oregon mandates the adoption of rules for the conduct of certain hearings before the Council and Planning Commission; and

WHEREAS, the Council has determined that the rules set out in Resolution 280 need updating to provide clarity;

NOW THEREFORE, the City of Yachats resolves that the following hearing procedure rules are adopted:

RULES FOR CONDUCT OF HEARINGS

Section 1. Scope of Rules.

These rules shall govern the conduct of hearings held by the Council and the Planning Commission, hereafter referred to as the deliberating body, pursuant to the Zoning and Land Use Code of the City of Yachats, including all hearings and appeals provided for within said Code. Any other matters coming before the deliberating body for hearings may be governed by any or all of these rules at the discretion of the Council or Planning Commission, hereafter referred to as members.

Section 2. Nature and General Conduct of Hearing.

1. The deliberating body, in conducting a hearing which will result in a determination as to the permissible use of any specific property, is acting in an administrative, quasi-judicial capacity and all hearings shall be conducted accordingly. Interested parties are, therefore, entitled to notice of hearing, if required by Charter, Code or statute, an opportunity to be heard, to present and rebut evidence before a tribunal which is impartial, to have the proceedings recorded, and to have a decision based on evidence offered supported by findings of fact as part of that record.

2. No person shall be disorderly, abusive or disruptive of the orderly conduct of the hearing. There shall be no audience demonstrations, such as applause, cheering, display of signs, or other conduct disruptive of the hearing. Such conduct may be cause for immediate suspension or continuance of the hearing by the deliberating body or the presiding officer may have the person or persons causing said disturbance removed from the hearing room.

3. No person shall testify without first receiving recognition from the presiding officer and stating his full name and residence address.
4. No person shall present irrelevant, immaterial or unduly repetitious testimony or evidence; provided, however, that reports and documents prepared by City staff shall be deemed relevant, material and competent unless objected to by any interested party with good cause at the first available opportunity.
5. The presiding officer, members of the deliberating body and, with the approval of the presiding officer, the City Attorney or any other officer or employee of the City may question any person who testifies.

Section 3. Challenge for Bias, etc./Disqualification

1. Any proponent or opponent of a proposal before the deliberating body may challenge the qualification of any member thereof to participate in such hearing and decision. Such challenge must state facts in writing, by affidavit, relied upon by the submitting party relating to a member's bias, prejudice, personal interest, or other facts from which the party has concluded that the member will not participate and make a decision in an impartial manner.
 - A) Such written challenge must be delivered by personal service to the City Manager and the member whose qualification is challenged not less than 48 hours preceding the time set for public hearing.
 - B) Such challenge shall be incorporated into the record of the hearing.
2. No member shall participate in discussion of the proposal or vote on the proposal when:
 - A) Any of the following has a direct or substantial financial interest in the proposal: The member or spouse, brother, sister, child, parent, father-in-law, mother-in-law, any business in which the member is then serving or has served within the previous two years, or any business with which the member is negotiating for or has an arrangement or understanding concerning prospective partnership or employment; or
 - B) The member has a direct personal interest in the proposal; or
 - C) For any other reason, the member has determined that he or she cannot participate in the hearing or decision in an impartial manner.
3. Any member owning property, or having an interest in property within the area entitled to receive notice of the public hearing shall declare for the record the nature and extent of such interest. If the member has determined that he or she cannot participate in the hearing or decision in an impartial manner that member shall remove himself or herself from the deliberating body and join the audience and abstain from the vote on the proposal.
4. No other officer or employee of the City who has a financial or other private interest shall participate in discussion with or give an official opinion to the deliberating body on the proposal without first declaring for the record the nature and extent of such interest.

5. The general public has a right to have members free from pre-hearing or ex-parte contacts on matters heard by them. It is recognized that a countervailing public right is free access to public officials on any matter. Members of the deliberating body shall place on the record the substance of any written or oral ex-parte communications concerning a decision or action at the first hearing on the decision or action which occurs after the communication was made. Parties shall be given the right to rebut the substance of the communication. If such contacts have impaired their impartiality or their ability to vote on the matter, they shall so state and shall abstain therefrom.

6. Notwithstanding any provision of this or any other rule:

A) An abstaining or disqualified member may be counted for purposes of forming a quorum; and

B) A member may represent himself or herself, a client or any other member of the public at a hearing provided the member:

1) Abstains from the vote on the proposal;

2) Removes himself or herself from the deliberating body and joins the audience; and

3) Makes a full disclosure of the member's status and position at the time of addressing the deliberating body.

Section 4. Presiding Officer.

1. The Mayor, the Council President in the Mayor's absence, Chair of the Planning Commission or the Vice Chair in the Chair's absence shall be the presiding officer at all hearings. In their absence, or with their consent, the deliberating body may designate one of its members, or any other officer, employee, or person to act as presiding officer at a hearing. A presiding officer, if not a member shall have no vote on the question in determination of the matter.

2. The presiding officer shall have authority to:

A) Regulate the course and decorum of the hearing;

B) Dispose of procedural requests or similar matters;

C) Rule on offers of proof and relevancy of evidence and testimony;

D) Impose reasonable limitations on the number of witnesses heard and set reasonable time limits for oral presentations and rebuttal testimony; and

E) Take such other action authorized by the deliberating body appropriate for conduct commensurate with the nature of the hearing.

Section 5. Burden and Nature of Proof.

1. The burden of proof is upon the proponent. The more drastic the change or the greater the proposal or the greater the impact of the proposal on an area, the greater the burden is upon the proponent.

2. The requested proposal must be supported by proof that:

- A) It conforms to the Comprehensive Plan for the City of Yachats as now or hereafter constituted, and any other special plan for the area involved;
- B) It conforms to all applicable City Charter and other Code requirements;
- C) There is a public need for the proposal;
- D) The public need will be best served by granting the proposal, (if the proposal is for a zone change, proof must be submitted that the public need will be best served by changing the classification of the particular piece of property in question as compared with use of other available property); and
- E) If other areas have been previously designated for use or development submitted in the proposal, there is a necessity for introducing the proposal into an area not previously contemplated and that the property owners there should bear the burden, if any, of introducing that proposal into their area.

3. The following criteria and factors are deemed relevant and material and shall be considered along with other factors deemed relevant by the deliberating body in reaching its decision on a proposal:

- A) Mistake in the original zoning ordinance or Code;
- B) Change of conditions within the immediate neighborhood in which the use or development is proposed;
- C) All factors pertinent to the preservation and promotion of the public health, safety and general welfare, including but not limited to the character of the area involved, its peculiar suitability for particular uses, the conservation of property values and the direction of building development.

Section 6. Order of Procedure. The presiding officer, in the conduct of the hearing shall:

1. Open the Hearing. Announce the nature and purpose of the hearing and summarize the rules for conduct of the hearing. Hearings on land use actions shall include a statement that:

- A) Describes the applicable substantive criteria which will be used to review the land use action;
- B) Testimony at the hearing must be directed towards the criteria which will be used to review the land use action, or other criteria in the plan or land use regulations which a party believes to apply to the land use action;
- C) Failure to raise an issue with sufficient specificity to afford the decision makers and the parties an opportunity to respond to the issue may preclude appeal to the Land Use Board of Appeals based on that issue.

2. Objections to Jurisdiction. Inquire of the audience whether there are any objections to the jurisdiction of the deliberating body to hear the matter, and if such objections are received, conduct such further inquiry as necessary to determine the question. The presiding officer shall terminate the hearing if an inquiry results in substantial evidence that the deliberating body lacks jurisdiction or the procedural requirements of the ordinance were not met. Any matter thus terminated shall, if the defect can be remedied, be rescheduled by the deliberating body.

3. Call for Abstentions.

A) Inquire of the deliberating body whether any member thereof wishes to abstain from participation in the hearing. Any member then announcing his abstention shall identify the reasons for abstaining and shall not participate in discussion of the proposal or vote on the proposal.

B) Any member whose participation has been challenged by allegation of bias, prejudice, personal interest, or partiality or who has been subject to significant ex-parte or prehearing contact with proponents or opponents may make a statement in response thereto or in explanation thereof, for the record, and his decision to participate in the hearing. This statement shall not be subject to cross-examination except upon consent of that member, but shall be subject to rebuttal by the proponent or opponent, as appropriate.

4. Staff Report. Summarize the nature of the proposal, explain any graphic or pictorial displays which are a part of the record, summarize the staff report, summarize the findings and decision of the Planning Commission if on appeal to Council and provide such other information as may be requested by the deliberating body. The presiding officer may request a representative of the Planning Commission or any other city officer or employee to perform this duty.

5. Applicant's or Proponent's Case. Determine whether the proponent will conduct the case in person or by representative. The applicant-proponent shall first be heard followed by any other persons in favor of the proponent's proposal.

6. Opponent's Case. Allow all persons in opposition to the proposal to present evidence and argument.

7. Applicant's Response. Allow the proponent to offer rebuttal evidence and testimony. Because the applicant bears the burden of demonstrating that the application should be approved, the applicant may respond to any opposing testimony but no new evidence shall be accepted.

8. Staff Recommendation. If the deliberating body wishes, request staff to make final comments and give their recommendations on the application.

9. Close of Hearing and Deliberation.

A) If the deliberating body decides that all necessary evidence has been presented, the presiding officer shall conclude the hearing and the deliberating body shall deliberate the proposal. The deliberating body shall either make its decision and state its findings, which may incorporate findings proposed by the proponent, opponents, or staff, or may continue its deliberations to a subsequent meeting, the time and place of which must then be announced; but shall be within time limits established by ordinance. The subsequent meeting shall be for the purpose of continued deliberation and shall not allow for additional submission of testimony, except upon decision of the deliberating body.

B) If the deliberating body decides it needs more information, the hearing may be continued to a future date, the time and place of which must then be announced; but shall be within time limits established by Code.

Section 7. Official Notice.

1. The deliberating body may take official notice of the following:
 - A) All facts which are judicially noticeable; and
 - B) The Charter, Code, resolutions, rules, regulations and official policies (if written) of the City of Yachats.
2. Matters officially noticed need not be established by evidence and may be considered by the deliberating body in the determination of the proposal.

Section 8. Record of Proceedings.

1. The City Manager or designate, or, if unable to attend, a designee of the presiding officer, shall be present at each hearing and shall cause the proceedings to be recorded. It shall not be necessary to transcribe testimony unless required for judicial review or unless ordered by the deliberating body.
2. The presiding officer shall, where practicable, cause to be received all physical and documentary evidence presented which shall be marked to show the identity of the person offering the same and whether presented on behalf of proponent or opponent. Unless evidence is capable of being offered and incorporated into the record of the case, it shall not be received. All exhibits received into evidence shall be retained by the City until after any applicable appeal period has expired, at which time the exhibits may be released upon written demand to the person identified thereon.
3. Any member of the public shall have access to the record of the proceedings at reasonable times, places and circumstances. Any members of the public shall be entitled to a copy of the record at their own expense.

Section 9. Publication of Rules.

1. These rules shall be filed with the City Manager.
2. A copy of these rules shall be available at all meetings of the deliberating body at which a public hearing is scheduled. A copy shall be available to the public at a reasonable cost.
3. These rules are supplementary to any rules of procedure previously adopted by the City Council, either by ordinance or resolution, for the conduct of public hearings; provided, however, these rules shall control where there are conflicting provisions.

Section 10. Amendment and Suspension of Rules.

Any rule of procedure not required by law or the City Charter may be amended, suspended or repealed at any hearing by majority vote of the deliberating body members present and voting.

Section 11. Repeal.

Resolutions 62 and No. 280 are hereby repealed.

PASSED AND ADOPTED by the City Council February 2007.

EXHIBIT B – Mayor, Council & City Manager Duties and Goals

Preamble:

2016-17 TRANSITION OF POSITIONS AND MAYOR; GOALS OF COUNCIL

This memorandum was created to record the multi-layer changes to the operations of the City of Yachats during the fiscal year of 2016-17, when the administrative duties of the Mayor, City Recorder and Public Works Director were moved to a newly-created position of City Manager.

CITY CHARTER PROVISIONS

1. Mayor is the political head of the five-member council (Mayor plus four)
2. Council has legislative, administrative and quasijudicial authority
3. Different audiences dictate leadership roles of mayor/council members
4. Partnership is essential between Mayor and council members
5. Rotate assignments of issues/goals between Mayor, council members
6. Council members may help train future mayors
7. Council members may act as a mentor for new members
8. Mayor, Council President, City Manager work with attorney, engineer
9. Mayor, Council President, City Manager work with planner, insurance
10. Mayor, Council, City Manager, City Clerk III may all sign checks
11. Mayor, Council, City Manager, staff will attend meetings as City needs
12. Mayor, Council, City Manager may monitor committees/commissions
13. Mayor will assign commission/committee seats, as approved by council
14. Mayor, Council represent City in various aspects and authorities
15. Mayor, Council, staff will research, present written reports in meetings
16. Mayor maintains relationships with other governmental entities
17. Mayor participates in meetings with organizations on behalf of City
18. Mayor is encouraged to participate in LOC, OCZMA, OCWCOG
19. Mayor, Council President act as first-line supervisors to City Manager
20. Mayor, Council represent City at social functions, information meetings
21. Mayor, Council maintain phones and/or email to facilitate emergencies
22. Mayor, Council advise City Manager of planned absences, availability

MAYOR - Elected to serve a two-year term

1. Presides over & facilitates meetings
2. Preserves order, enforces council rules
3. Determines order of business, under council rules
4. Has a vote on the council
5. Does not have veto authority
6. Appoints commission/committee members, with consent of council

7. Must sign all records of council decisions
8. Serves as the political head of the city government
9. Substituted for by council president, elected by council
10. Is elected to two-year term
11. Must be a qualified elector under state law
12. Must reside within the city for at least one year before takes office
13. May not be employed by the city

COUNCIL - Elected to serve a four-year term each

1. Council consists of the Mayor and four other councilors
2. At its first meeting of the year, must elect a president from council
3. Has legislative, administrative, quasijudicial authority
4. Legislative = ordinance; administrative = resolution; quasijudicial = order
5. May not delegate its authority to adopt ordinances
6. Must adopt rules by resolution to govern its meetings
7. Must meet at least once a month, at a place designated by rule
8. May meet at other times, in accordance with the rules
9. A majority of members is a quorum to conduct business
10. A small number may meet, compel attendance of absent members
11. Express approval of majority of quorum required for council decision
12. A majority of the council may be required by Charter on occasion
13. A record of meetings must be kept according to council rules

COUNCIL PRESIDENT - Elected every year at the first meeting of the year

1. Presides in the absence of mayor, or Mayor's inability to act
2. Acts as first-line supervisor of City Manager, in the absence of Mayor

CITY MANAGER - Divided into five subcategories of responsibilities

Chief Administrative Officer

1. Accountable for all City operations
2. First point of contact for citizens proposing or requesting City Council action
3. Advise Mayor and Council of affairs and needs of the City
4. Attend city council meetings; represents city in various other meetings
5. Sit with Council and take part in Council discussions
6. Implement policy under general direction of council
7. Coordinate information flow between other agencies, public, council
8. Primary contact for City Attorney, Engineer, Planner, Council, Mayor
9. Organize or reorganize the departmental structure of City
10. Prepare ordinances and resolutions for review by city attorney

11. Analyze/create/discover/implement leading efficiency practices
12. Supervise/responsible for public works programs and facilities; City property
13. Not required to work with public works crew/have CDL/operate equipment
14. Meet with reps of various governmental agencies on problems
15. Confer with all department heads on programs, procedures, issues
16. Supervise all public utilities and properties owned by City
17. Recommend legislation to improve compliance with operations
18. Develop and revise city policies for approval by council
19. Analyze administrative problems, recommends solutions to council
20. Maintain a thorough and up-to-date knowledge of all municipal laws
21. Assist citizens seeking information or making complaints
22. Attempt to dispose of complaints to best advantage of all parties
23. Maintain cooperative working relationship with staff and public
24. Direct and follow all safety rules and procedures for work areas
25. All staff and contractors report to CM, under general supervision
26. Provide ordinance enforcement; may issue citations for Muni Court process
27. Provide for all ordinances to be administered
28. Approve and assign training for all department employees
29. Review approve all overtime accruals and time sheets
30. Annual evaluation of all employees
31. Discipline employees within guidelines of rules and contracts
32. Investigate complaints against persons supervised
33. Periodic review of position descriptions
34. Control, general supervision over employees, appointive officers
35. Employ/supervise/reward/discipline/dismiss any employee, under rules
36. Plan and direct activities of all City departments
37. Analyze, supervise committee functions, commissions, services
38. Develop and organize projects and programs, assist in conclusion
39. Coordinate department work with affected business or agencies
40. Advise public of service interruptions and emergencies
41. Investigate reports and complaints of service failures, resolve
42. Maintain accurate and orderly records of work accomplished
43. Generate or maintain maps, diagrams, correspondence, written reports

Chief Financial Officer

44. Chair Finance Committee and annual CIP process, with input
45. Authorize vendors and all purchases, under guidelines
46. Provide supporting exhibits for comprehensive financial plan
47. Supervise city contracts and operations of all City properties
48. Ensure that all terms of franchises, leases, contracts are fulfilled
49. Maintain knowledge of grant programs available
50. Supervise preparation of grant application, administers all grants
51. Provide administration for grants and contracts

- 52. Maintain insurance records on all City property; confers with agents
- 53. Supervise recording of assessment liens and collections
- 54. Invest City funds; responsible for and supervises all financial processes
- 55. Obtain estimates, quotes or bids from contractors
- 56. Draft or finalize staff reports, forwards to Council
- 57. Prepare agendas in coordination with chair of each body
- 58. Research, provide materials and supporting data for agenda items
- 59. Perform follow-up action, as necessary
- 60. Work with City Engineer, City Attorney, City Planner on projects
- 61. Fiscal supervision over City Budget and expense control
- 62. Business agent for sale of real or personal City property

Budget Officer

- 63. Administer/plan/direct overall budgeting and finance functions
- 64. Supervise preparation of annual budgets
- 65. Approve departmental needs, communicate to Budget Committee
- 66. Prepare Budget Message
- 67. Ensure budget documents are published in accordance with budget law
- 68. Act on broad policy, planning and budget decisions for operations
- 69. Prepare and transmit to Council an annual budget
- 70. Analyze, interpret, prepare, propose new budget to Budget Committee

Elections Officer

- 71. Prepare canvass of votes, posts notices
- 72. Ensure that documents are filed with County Clerk, under elections laws
- 73. Observe all deadlines and coordinate with County on verifications, filings

City Recorder

- 74. Supervise management of all City records and archives
- 75. Ensure minutes and/or journals of proceedings are kept
- 76. Countersign all writings authorized by the council
- 77. Prepare council agendas, provides info and documents for agendas
- 78. Custodian of record for all personal, intellectual, real property
- 79. Oversee publication of City newsletter and calendar of events
- 80. Oversee and/or perform work relating to maintaining records
- 81. Perform such other related duties as assigned

Commission Rules
City of Yachats, Oregon

**(Cover page and table of contents to follow after content is
agreed upon)**

Authority and Purpose Statement

The Municipal Code of the City of Yachats provides for the City of Yachats to have the following Commissions:

- A: Planning Commission
- B: Parks & Commons Commission
- C: Public Works & Streets Commission
- D: Library Commission

1. Meetings of the Commission

The meetings of the Commissions shall be open to the public.

1.1 Minutes of Meetings

The commission shall make and file with the City a report of all meetings and transactions of the commission for the preceding month. Copies of the minutes recorded at the regular and special meetings of the commission may serve as reports, shall be filed with the City as expediently as possible, and in no case more than thirty (30) days after the meeting of the commission. Each commission shall, in addition, make other reports as may be requested by the Council

2.11 General Format

All official printed minutes of any meetings of all city commissions, boards, and committees shall be fashioned after the minimum as required by State Law with minor additions. Recordings of entire minutes will be kept of file for more detailed references for a period of two years. All minutes shall be published in the City's document library.

2.12 Contents of Minutes

Meeting Particulars. Minutes shall include the date, time and place of all meetings.

Recordings. Agendas shall indicate that all proceedings are being recorded for back-up reference.

Attendance. Minutes shall include the names of all members of the governing body and indicate whether they are present or absent.

Motions. Minutes shall include all motions, proposals, resolutions, ordinances, and measures proposed and their disposition.

Result of Votes. Minutes shall include the result of all votes and the vote of each member by name.

Substance of Topics. Minutes shall include an outline of the substance of the discussion on any matter.

Reference to Documents. Minutes shall include any references to any specific document mentioned in discussion.

Public Participants. Minutes shall include the name of the member of the public who addressed the body.

Emergency Meetings. The minutes shall include, if required, the nature of the emergency for calling an emergency meeting.

Speeches and Statements. Speeches or statements or the exact text of discussions shall not be transcribed verbatim.

2.13 Special Meetings.

The chair shall have the power to convene special meetings.

2.14 Notice of Meetings

All meetings of City Commissions, Committees and Board are public meetings and must be noticed in advance.

2.15 Agenda Packets

All agenda packets shall be posted as electronic packets to the City's website and the document library before the close of business on Friday of the calendar week before a commission or committee meeting. An email will be sent to the commission members to let them know that the packets are available for their review.

Packets shall be available at City Hall for public review. Copies may be obtained at the current cost.

2.16 Packet Material

Text exhibits. Packets shall include copies of applications, map locations, and any other pertinent, easily reproducible text exhibits.

Drawings and Reports. Drawings, reports and other materials difficult or expensive to reproduce will be made available in limited quantity at work sessions or scheduled meetings and will be available for inspection at City Hall during regular business hours.

3. Commission Membership

3.1 Membership. Commission members will be appointed by the Mayor with approval of Council. Any person applying for appointment to any commission shall be interviewed by City Council at either a work session or regular meeting. No person shall serve at the same time on more than one commission. **All applicants for commission service need to complete a current volunteer application form. Commissions should recommend their membership slate for the following year in November so they can be approved by Council in December.**

3.2 Attendance. Unless excused by the Chair, any member who has three absences in a twelve month period may be removed from the Commission by City Council action, the position will be declared vacant, and the member will have to reapply to be reconsidered for appointment.

3.3 Elections. The Chair and a Vice-Chair shall be elected by ballot at the last meeting of the calendar year, or when a vacancy in either of these offices occurs.

3.4 Officers.

3.41. Duties of the Chair. The Chair is the presiding officer of the meeting. The duties of the Chair are:

- * **The Chair serves as the liaison between the Commission and the City Manager / Council.**
- * Consult with City staff and together formulate an agenda for the meeting.
- * Open the meeting on time and call the meeting to order.
- * Announce in proper sequence the business on the agenda
- * Recognize participants who are entitled to the floor.
- * State the nature of legitimate issues that arise during the meeting, secure consensus on their disposition, and, if a vote is needed, the language of the motion. If a motion is out of order or unclear, the Chair should rule it out of order or require clarification. If a motion is in order, the Chair calls for the vote and announces the results of the vote.
- * Protect the commission from frivolous or delaying motions by refusing to recognize them.
- * Enforce order in respect to discussion, deliberation, and decision making.
- * Expedite business in a way compatible with the rights of the members and constituents.
- * Decide all questions of order.
- * Respond to inquiries of members.
- * Declare the meeting adjourned.
- * Ensure that reports and recommendations are forwarded to the Council.
- * With approval of the commission, delegate an alternate spokesman.
- * When appropriate, assist staff with securing the building after a night meeting.

3.4.1 Duties of the Vice-Chair

The Vice-Chair shall be presiding officer when the Chair is absent or when the Chair wishes to be a stronger, more partisan, participant in deliberation. The Vice-Chair may also assist the Chair as directed by the Chair or Commission.

3.5 Commission Vacancies.

3.51. Procedures and Objectives.

- The City Manager shall retain a working list of all citizens filing an application for service on City commissions, boards, and committees. Applications shall be kept until the person is appointed, becomes ineligible to serve, or withdraws the application.
- The Commission, board or committee shall consider the names of all persons currently on file and any person at the meeting that has expressed an interest in serving on that body.
- Candidates shall be interviewed by the Commission, board or committee to discuss their qualifications and reasons for wanting to serve.
- **Recommendations.** The Commission, board or committee shall then deliberate and present a recommendation to the Council of qualified candidates for the current vacancy.
- Candidates and any person at the Council meeting who expresses a willingness to serve shall be interviewed by City Council at either a work session or regular meeting before being appointed. Incumbents seeking reappointment are not required to interview.

4. **Use of City Staff.** The Chair shall be the liaison between the Commission, board or committee and City staff. Only the City Manager is authorized to request work/time of City Staff or Contract Resources.

5. Commissions:

5.1 Planning Commission.

5.11 Membership. The Planning Commission shall consist of seven members appointed by the Mayor with the approval of Council.

Pursuant to ORS 227.030, no more than two (2) voting members of the commission may engage principally in the buying, selling or developing of real estate for profit as individuals, or be members of any partnership, or officers or employees of any corporation that engages principally in the

buying, selling or developing of real estate for profit. No more than two (2) members shall be engaged in the same kind of occupation, business, trade or profession.

All commission members must reside in the City.

All commission members must have resided in the City for no less than six months prior to appointment.

The members of the commission shall receive no compensation for their services.

5.12 Terms of Office

Terms of office on the commission shall be four (4) years and shall expire on December 31st of the 4th year.

A member of the commission may be removed by a majority vote of the City Council for cause.

A vacancy shall be filled by the Mayor with the approval of Council for the unexpired portion of the term.

5.13 Powers and Duties.

The commission shall have the powers and duties provided for by ORS ww7.090, other state law, City Charter, comprehensive plan or other city ordinances.

The commission shall function primarily as a comprehensive planning body proposing policy and legislation to the Council related to the growth and development of the community. In addition to the authority provided in the previous sentence, the commission:

Shall review the comprehensive plan every two (2) years and make recommendations to the council concerning plan amendments which it has determined are necessary based on further study or changed concepts, circumstances, or conditions;

May formulate and recommend legislation to implement the comprehensive plan;

Shall conduct hearings, prepare findings of fact, and take such actions concerning specific land development proposals as required by city ordinance.

The commission shall perform such other responsibilities and duties as the City Council, from time to time, may delegate by ordinance, resolution or motion.

5.14 Organization

The commission may select a secretary from among its members, who shall serve at the pleasure of the commission or the City Council shall designate a city staff member to act as secretary. The secretary shall keep accurate records of all proceedings of the commission and shall perform such duties as are requested of the secretary by the commission, this section, or by law.

5.15 Quorum.

Four (4) members of the commission shall constitute a quorum for the transaction of business.

5.2 Parks & Commons Commission

5.21 Membership. The Parks and Commons Commission shall consist of seven (7) members, appointed by the Mayor with consent of the Council.

One member of the commission may reside outside the City limits.

The members of the commission may receive no compensation for their services.

5.22 Terms of Office.

Terms of office shall be three (3) years and shall expire on December 31st of the third year.

A member of the commission may be removed by a majority vote of the Council without cause.

A vacancy shall be filled by the Mayor with the approval of the Council for the unexpired portion of the term

5.23 Powers and Duties

Formulate rules, regulations and standards for the operation of the City's parks and the Commons building and grounds in a manner which assures

security of the City's assets and encourages use by tenants, residents and visitors and recommend them to City Council for adoption;

Establish rental rates for various uses of the Commons; recommends such to City Council for adoption;

Maximize income through promotion or co-promotion of appropriate events;

Work with the Facilities Manager in development and implementation of a marketing program for tenants and special programs;

Plan for the regulation, development and improvement of the City's parks;

Receive gifts, grants, bequests and devises to carry out the purpose of the Commons and parks planning and programming process;

Work with the Facilities Manager in the development of the budget for the Commons. Prepare the annual budget for all City parks and submit to the Budget Officer the budget proposals for the parks and the Commons building for forwarding to the Budget Committee;

Perform such other responsibilities and duties as the City Council, from time to time, may delegate by ordinance, resolution or motion.

Monitor the Village Circulation Plan portion of the Comprehensive Plan, including implementation, funding, and signage, and

Serve as liaison between the City and Lincoln County in development of the trail system, shoreline access points, and signage as established in the Village Circulation Plan and approved findings vacating portions of County Road 804 South.

5.24 Quorum

Four (4) members of the commission shall constitute a quorum for the transaction of business.

5.3 Public Works & Streets Commission

5.31 Membership

The Public Works & Streets Commission shall consist of seven (7) members, appointed by the Mayor with consent of the Council.

One member of the commission may reside outside the City limits.

The members of the commission may receive no compensation for their services.

5.32 Terms of Office.

Terms of office shall be three (3) years and shall expire on December 31st of the third year.

A member of the commission may be removed by a majority vote of the Council without cause.

A vacancy shall be filled by the Mayor with approval of the Council for the unexpired portion of the term.

5.33 Powers and Duties.

Formulate rules, regulations and standards for the operation and use of the City's public works, recommend such to City Council for adoption.

Plan for future growth, development and improvement of the City's public works.

Advise the City Manager on improvements and maintenance for public works.

Recommend improvements or repairs to the City's streets, culverts, drainage and curbing.

Review all rates and fees including, but not limited to, water, sewer, and system development yearly and report to the City Council by March 1st of each year and recommend any changes in rates, fees, charges or policy.

Review monthly Budget Reports for all Public Works systems including Capital Improvement Projects.

Serve as liaison to various Lincoln County Committees or Work Groups associated with Public Works systems.

Serve as the sponsoring Commission for the Emergency Preparedness Committee.

Serve as the City's Public and Traffic Safety Committee as follows:

- A. Hear suggestions and complaints from citizens concerning issues of public and traffic safety;
- B. Research and develop remedies for public and traffic safety concerns as needed;
- C. Recommend public and traffic safety priorities for the City;
- D. Review and recommend project application for funding;
- E. Serve as liaison between the City and the Oregon Traffic Safety Commission in developing the statewide highway safety program, and in meeting the National Highway Safety Program Standards;
- F. Act in an advisory capacity to the Yachats City Council in the implementation of safety activities;
- G. Foster public knowledge and support of traffic law enforcement and traffic engineering problems and needs;

Serve as a franchise review committee responsible for initially reviewing, negotiating and recommending to City Council all franchise agreements.

5.34 Quorum

Four (4) members of the commission shall constitute a quorum for the transaction of business.

5.4 Library Commission

5.41 Membership.

The Library Commission shall consist of five (5) members, appointed by the Mayor with consent of Council.

One member of the commission may reside outside the City limits.

The members of the commission may receive no compensation for their services.

5.42 Terms of Office.

Terms of office shall be three (3) years and shall expire on December 31st of the third year.

A member of the commission may be removed by a majority vote of the Council without cause.

The members of the commission may receive no compensation for their services.

5.43 Powers and Duties

Operate and manage the Yachats Public Library;

Formulate rules, regulations and standards for the operation of the library;

Receive gifts, grants, bequests and devises to carry out the purpose of the library;

Work with the librarians to prepare and submit to the budget officer an annual budget which will be forwarded to the budget committee

5.44 Quorum

Three (3) members of the commission shall constitute a quorum for the transaction of business.

The Roles of a Council

It seems to me that there are certain key and lasting roles that a municipal (and regional) Council is expected to fulfill. These are generally referenced in the legislation of each Province and are for the most part quite similar. The simple answer to the question: "what is my role as a member of Council" could be "read the legislation!" That unfortunately is not sufficient not simply because the language of any legislation is written in legalese but because the descriptors are not sufficiently broad so as to fully describe the various roles which seem to be expected of a Councillor on an ongoing basis. There are certain basics however and these are described as follows:

Key Roles

1. Lead

It is often over-looked but one of the principal roles of a Council is to lead. It is not enough to just respond: a Council must be able to identify opportunities and issues and articulate how it will address them. Leadership is not found in baptizing bylaws prepared by the Planning Department. It is not found in responding to a budget presentation without first having thought through what Council's key priorities are for the coming year. It is not found in blindly approving the minutes of this or that committee. It might be found in determining whether or not the committee is still needed. A Council leads by pointing a direction, a course of action, a new initiative. It leads by taking a position on a difficult political issue. It leads by running against the winds of popularity, not simply going with the flow.

2. Representation

A primary task of any Council is to act as the ears, eyes and voice of those he/she represents. This is not accomplished by sitting in Chambers alongside the other members of Council, convincing one another of your importance. Nor is it accomplished by reading background reports on this or that issue. Representation occurs when your voice is heard speaking out on behalf of a community interest that you have researched, that you have visited or where you have met with representatives of the cause. Representation also occurs when you deliberately (i.e. not casually) think about how

your citizens would expect you to handle an issue or a challenge. What would the majority of them say if they were all in the room? Are their best interests being reflected in what you believe or have you become so immersed with a particular faction or vested interest group that the voice of common folks has been muted?

3. Resolve Issues; Pass Judgment

Being on a Council is not at times a very popular thing. Decisions need to be made; choices may result in those viewed as losing as well as winners. A budget needs to be produced and a tax rate established. Costs will likely have gone up and with that unless the assessment base has responded favourably, so too will taxes. Projects will be presented by the various departments: all will look appealing. Not all will be funded. Being an architect of disappointment is not something many Councillors see as something they foresaw as part of the new job description.

4. Fiduciary Leadership (Business Plan and Budget)

Every Council has an obligation to ensure that proper budgeting and financial management occur; that a business plan is created; that organizational goals and priorities are established; that a realistic budget is approved for funding all civic services; that sources from other levels of government are requested and applied as required. While none of these are particularly exciting to most members of Council, they do represent the core of what any Council is elected to do: provide necessary and desired services and make sure they are adequately funded.

5. Set Priorities

In order to effectively guide the City and to make use of the budget dollars effectively, the Council must understand its own priorities and determine how the budget ought to reflect those. This requires that each Council develop some mechanism to discuss and debate the key issues and challenges of the day and then determine what is on first base, second and so on. This process is generally described in the literature and by practice as “strategic planning” or “business planning” and indeed is both. On the one hand, the Council needs to determine where it hopes to position the City in the longer

term and secondly, what that vision suggests in terms of how to approach the budget choices faced this year.

More and more communities across Canada have adopted some system of strategic planning not as a “checklist” of what to do but rather as the foundation upon which to base good long and short term decisions. This ensures that the budget for each year is considered well in advance of the year to which the budget applies so that the best use is made of scarce and public resources. Further, given that there are always competing priorities within every organization, a plan is useful in determining which of those priorities are thought to be of a higher order than the others. This is a decision to be made by the elected officials.

6. Stewardship

The role of a Council has often been described as that of a steward. That is, one of the fundamental principles of a local governing body is that it will ensure that the resources of the City are being utilized wisely and in accordance with the budget and Business Plan as well as any policies and procedures which may apply. Ensuring that Council has made the best use of resources requires that it:

- Identify clearly “what business we are in”
- Ensure that there are clear lines of delineation with respect to what business unit delivers what service
- Establish clear policies relating to the recruitment and treatment of personnel
- Identify potential risks in the use by the public of municipality-owned facilities and equipment
- Establish a comprehensive tender policy and procedures
- Identify potential suppliers of goods and services.

7. Policy Guidance

Unless a Council wants to be involved in re-visiting every issue on a regular and often frequent basis, policies need to be approved which give license to management to get on with the business of service delivery. Decisions which are major or repetitive or both should be the subject of a Council policy. Establishing a policy mindset is needed in

every Council Chambers and is not necessarily something that comes naturally to any governing body.

In addition to a strategic plan, each municipal organization ought to be governed by a clear set of policies. The business of managing the City's responsibilities is that of the management and their employees. How that business is managed is determined by legislation in terms of minimum requirements in certain fields of endeavour and by policy of Council. Policies set out "what" is to be done. The "how" it is to be accomplished is determined by regulations and by managerial direction.

A Council needs to be in the business of asking "what is our policy on this matter?" As the policy-making authority, Council needs to understand the policy framework. Council can only do this if it clearly recognizes the issues; understands its own sense of what is best for the County; seeks input on the key issues; and is prepared to stand firm on what it believes to be the right course.

The decisions of a Council effectively become the policies of it. That is, whether the Council decides by way of resolution or by bylaw, its decisions taken together, constitute the "policy bank" of the City. While policies should preferably be presented to Council according to a set format, the key to an effective Council is the recognition that its decisions become the standard upon which the administration functions and makes decisions.

8. Delegate to Management

There is an obligation in the legislation for a Council to delegate the implementation of its policies to its chief administrative officer (CAO). The CAO plays the primary role in acting as the link-pin between Council as the policy-makers and the staff as the administrators of those policies. The CAO is viewed as the Council's chief policy advisor and as the person responsible for ensuring that the decisions of the Council are effectively discharged. Thus, all advice to Council from all departments is to be directed through the office of the CAO so that Council can be confident that the breadth of the County's business priorities and policies has been respected and reflected in the advice. That is the CAO acts as the advocate for the advice and opinions of the administration and ensures that the Council has the full picture of all salient points in

any decision. Once Council has determined the direction to be taken from a policy perspective, the CAO is charged with ensuring that his administration implements those policies based on Council's directives.

Problems are encountered when those who are elected attempt to replicate the work of those administering and vice versa. Roles must be clearly articulated and well-understood. The mandate of a Council is never properly discharged wherein the Council determines to do the work of the staff members. Council's time needs to be spent on establishing what it wants to see accomplished and within what level of resources. This requires that choices be made between various alternatives all of which might seem to be valid. Those elected are thus faced with the unenviable task of determining which choice is best given the circumstances and the resources available. Such choices should never be made solely by the Council. They are best made when the Council expects the administration to weigh in with their advice based on their training and their experience in this County. While the various options may appear to have at least some merit, it is the duty of Council to make its determination based on what it believes to be best for the majority of its residents. Leadership is all about making difficult choices in an often stressful environment.

9. Determining What Gets Funded

While some of what every municipality does is required by legislation, there are also aspects of any municipal budget which are discretionary (i.e. up to each Council to decide "do we fund this service or not?"). Each Council should be examining their annual budget on that basis rather than presuming that next year will be a repeat of last year. The funding approved by a Council authorizes the administration to deliver the services. Council is accountable as a result for both the policy choices to fund certain services and the delivery of those funding choices on a day to day basis by its administration.

10. Monitoring Results

This is an area which has not historically been well-handled by local governments across this country or elsewhere. Partly that is due to other issues being considered more

important at the moment or more profitable from a public reception standpoint, and partly this is due to the absence of good measurement tools which are simple to use and quick to provide results. Regardless of the rationale, the public should expect to hear from its Council what the elected officials see as working really well and what programs or services might need to be re-thought.

Critical to difficult decisions being acceptable to the majority of the public is the process used to make such choices. A Council which recognizes the need to adopt a step-by-step process of decision-making will note that it has more confidence that its decisions will more often than not be in accordance with the wishes of the “community”. Inappropriate decisions often result from hasty actions or requests presented to Council at the last minute and without sufficient administrative analysis or recommendation as to the potential implications to the City as a whole.

The Mayor as Leader of Council

According to the Act, the Mayor has the same responsibilities of all members of Council as well as performing the leadership roles of the Council. It is important that these roles be clearly understood. The legislation does not encourage or allow the Mayor to act independently. The Mayor is expected to be a leader and yet function as “one of” not “apart from”. The Mayor will always be viewed by the public as the face and voice of Council but must never allow that public personae to be used in an imperial or directive fashion.

Importance of the Mayor’s Position

The foregoing commentary does not mean that the Mayor does not have a very important role to play. The Mayor is central to what is commonly referred to as “tone at the top”. Much of how the community views its Council is a reflection of how it sees its Mayor. Is the Mayor on top of things or seemingly disinterested? Is the Mayor decisive or does he/she seem to waffle? Is the Mayor respectful of other Council members and trying to build a team or does the Mayor operate in a high-handed manner seemingly without caring about the need to lead a team? Is the Mayor a person of high integrity or someone that believes that the rules and legislation were meant for everyone else? The Mayor’s style should be one which enables each member of Council to see their own worth to the collective whole.

The Mayor is the leader of the Council team despite the fact that her team may not see things as one but rather whose members speak out separately on the key issues. Where Council members disagree on key issues, the challenge of the Mayor is to listen carefully to what each is saying and try to identify common ground in their arguments. The Mayor seeks consensus while understanding that in its absence democracy rules. That is, regardless of the Mayor’s efforts the Council might be split on this or that issue. That is how it may remain and thus the Mayor has to lead from whatever decision of Council has been approved by resolution. Such consensus building is not simple nor is it not without considerable time and effort. And, ironically, it might be without positive result.

What most Mayors understand is that a healthy Council has everyone at the table, informed and involved. That is, there is no effort to exclude those who might disagree

and who therefore might be considered as “not part of the team”. This latter expression presumes that everyone must be on the same page to have a good Council or to be a good Councillor. That is of course nonsense.

Leader of All

The duty of the Mayor in such circumstances is to work with all members and not single out some as being on her “side” and the others as relegated to the sidelines because they do not support the Mayor. Such a style of leadership (which we realize has been witnessed in various communities across Canada) is divisive to the core and results in enmity not collegiality. Playing silly, immature games while purposely dividing the Council and then not really caring as long as the Mayor controls the majority view is behaviour unbecoming a chief elected official. How one leads the team in such a circumstance is difficult to fathom. The Mayor recognizes that on any given topic, some of her colleagues may choose to have a different opinion. That being so does not inhibit a mature and thoughtful Mayor from ensuring that all members are equally and concurrently informed and all given the opportunity to express their differences to the views of the Mayor. When that is so it eliminates any possibility of the Mayor acting in a deliberate fashion to shut out the voices of those he would expect to be opposed.

Concurrently Informed

The Mayor ought to be focusing on how to ensure that all of Council is concurrently informed. That would be the respectful thing to do and would reflect the fact that the Mayor sees all of Council as her colleagues and as equals. One way in which this process can be manipulated in the Mayor’s favour is by the Mayor holding onto valuable information and not sharing the same with her Council colleagues. This is generally done knowingly and with the purpose of making the rest of Council dependent on the Mayor for her judgment as to what course of action to follow.

Community Conscience

We generally expect the Mayor to be the conscience of the community: to act in such a way as to place the interests of others before any evidence of self-interest. The Mayor needs to conscientiously set aside any professional or personal obligations or commitments that are not in the best interests of the community and act as one of rather than the only one. The Mayor’s business interests should be made known to the

CAO and Clerk (recording secretary) and any issue that subsequently arises in Chambers which impacts on those interests should be quickly identified so that the Mayor can be excused from any discussion on or voting on these issues.

If acting as expected and anticipated by legislation, the Mayor respects the fact that she/he is but one voice representing Council's "face" to the public. The Mayor has one vote, not a majority. The Mayor can encourage a Council to act in a certain way but cannot coerce it to do so nor can the Mayor act unilaterally. The Mayor can say what she/he thinks Council's views on a matter will be, but a Mayor cannot categorically state what it will be; nor can a Mayor make any commitment to an action (or, for example, to fund a project or hire any employee) before the Council as a whole has made a decision.

The Mayor's voice has much more volume than that held by her colleagues. That is, when the Mayor speaks her voice carries weight beyond that of any other member of Council. The Mayor has the vote of the citizenry behind him/her and they see her as "their" leader and spokesperson. That is a role and perspective which ought not to be treated lightly.

Informal Power

The Mayor's power is informal but it can still be very persuasive. The Mayor may only have one vote on each matter but the office carries with it more prestige and "power" than the vote would signify. Whenever the Mayor speaks, the community presumes that she is uttering the will of the Council. This is both a power and an obligation: a power in that her voice carries more influence than the individual voices of her colleagues; an obligation in that the Mayor must be very careful not to go beyond the parameters of her office and presume that because she speaks, others must fall in line. The Mayor, regardless of how committed to a particular course of action, needs to ensure that all members of Council understand the implications of that course and are willing to endorse the leadership being offered by the Mayor.

It needs to be understood that the ability of the Mayor to be influential on Council is highly dependent on the willingness of the rest of Council to follow the lead of the Mayor. While each Mayor is entitled and indeed expected to hold her own views on most issues, the challenge for a Mayor is to be able to rightfully claim that she/he reflects

the will of the majority of Council. The most logical way to ensure that this is the case is to develop a policy framework on the key issues such that each member knows where the Council stands on that topic with sufficient confidence so as to express those views publicly without fear of contradiction.

The Mayor: The Expectations-The Challenges-The Results

- **The Functions and Expectations of a Mayor**

As the chief elected official of communities across Canada, the Mayor holds a position of public prestige and importance. The Mayor's position is one which, fulfilled as intended, can bring considerable benefit to a community. It is also evident, based on evidence where these powers have been misrepresented or poorly displayed, that the Mayor can have a very negative impact on how well local government is understood and discharged. Fortunately, in the vast majority of instances, Canada is well-served by the men and women who hold this important office.

Powers Often Misunderstood

It is, however, evident that the role, powers and influence of the chief elected official of any community (normally and herein referred to as Mayor) are greatly misunderstood. With this misunderstanding, problems are inevitable.

The Mayor is not the governor, nor the police chief, nor the Councillor, nor the chief administrative officer (otherwise known as City Manager or Administrator or Chief Executive Officer), nor the head of public works, nor the City Clerk nor the final authority. And yet, in some communities, the Mayor seems to have either taken on such roles or has been accorded same by virtue of expectations and treatment by others or as a result of the personality of the Mayor.

Principal Functions

As I noted in my book "Cuff's Guide for Municipal Leaders", the principal functions of the Mayor (also known in some quarters as Chief Executive Officer, Warden, Reeve or Chairman) can be categorized into the following four key groupings (these may differ slightly based on the legislation in individual Provinces/Territories):

- **Leadership Functions**
 - chair of regular meetings of council

- consensus-seeker on behalf of all members
- key spokesperson to the community and to the municipal organization
- key linkage in the establishment of council committees; ex officio to internal standing committees; may recommend and/or appoint members to both internal and external boards and committees
- may make recommendations re: peace, order, good government
- **Communication Functions**
 - brief council members on all key meetings held by the Mayor
 - key signing authority for council correspondence
 - primary liaison with the chief administrative officer
 - primary liaison with the public
 - key linkage and spokesperson to other levels of government
 - primary spokesperson vis-à-vis the decisions of council to the outside world; expresses the “will of council”
- **Monitoring functions**
 - act as council’s eyes and ears in maintaining an overseeing role with regard to the conduct of municipal officers
 - recommend the suspension of a municipal officer or employee (if necessary)(note: this power is not held commonly across Canada)
 - ensure that the law is carried out (again, much of this is presumed to be delegated to the CAO)
- **Representational functions**
 - acts in an “ex officio” capacity to boards and committees
 - performs a ceremonial role on special occasions
 - main spokesperson to other levels of government.

These functions are described in more breadth in the above-noted text. What follows represents an extension of those thoughts and, hopefully, the introduction of some additional ideas.

The Expectations of the Office

The fact that the Mayor has more perceived influence than other members of Council is apparent to most. By virtue of the office, the person occupying the role is accorded power and influence only dreamed of by other members of Council. (That may not become a problem unless one of the other members of Council perceives the Mayor to be less dynamic and surely less intelligent than the Councillor! This is not as infrequent an occurrence as one might imagine).

The Mayor as an Advocate for the Public

Surely one of the most significant roles which any Mayor can and will play is that of acting as the advocate for the public. Those who have felt that their rights have been disregarded or downgraded may see the Mayor as their ally. Those with a cause or axe to grind or crusade to fulfill will often find their way to the Mayor by a phone call, letter, e-mail, public appeal or via an in office visit. Many see this as their first avenue of justice while others would not think of pursuing this route unless the issue is, in their minds at least, a crisis or of singular importance.

The Mayor then needs to consider her options. These might include: saying “no”; referring the matter to the CAO or a department head; asking the Clerk’s office (or Council secretariat) to investigate or put the matter onto an agenda; making a call on the spur of the moment to the person deemed most responsible or most likely to be empathetic. In no instance, however, should the Mayor promise any particular action other than the action of referral or seeking additional information. Otherwise, the Mayor is placed in the dubious position of dictating a solution which may or may not be justifiable once the rest of the story has been heard or investigated. The experienced Mayor may promise action but it will be in the form of “I’ll have this looked into and we’ll get back to you”. Using the expression “that’s interesting” is also a reasonable course of action as it implies no particular response!

To the average citizen, however, having their matter heard by the Mayor is tantamount to fulfilled justice. The Mayor’s office is accorded such significant importance that any action beyond the hearing is often considered a bonus. In the final analysis, however, it is clear that the Mayor is perceived by those in need as “their advocate”. Trying to dissuade someone of this perception would be difficult indeed.

The Mayor as the Leader of Council & the Community

The Mayor is, or should be, expected to lead. Unless the Mayor has proven to be incapable of leading a two-entry parade, most citizens and often, many Councils, expect the Mayor to exercise the leadership potential of their office. This may be due to:

- The increased prominence of the Mayor's office
- The added administrative resources which may accrue to the Mayor's office
- The fact that the Mayor is notified of issues before other members of Council
- The closer relationship which generally marks the Mayor-CAO interface
- The ongoing attention paid to the Mayor by the media (in comparison to other members of Council-often regardless of how colourful or controversial other members may become).

The Mayor needs to be sufficiently astute so as to recognize an issue as they develop. If the Police Chief reports an unusual upswing in gang violence, the Mayor should not need to await the appointment of a task force to confirm the matter. Citizens expect that the Mayor will publicize the problem and give full assurance of the Council's support to the Chief in seeing the problem addressed. (You will note that this does not mean promising an immediate increase in the number of uniformed police-which may or may not be needed. Such a commitment is not the Mayor's to make even though having the issue addressed by the administration or referring it to the Police Commission may be appropriate). If the issue is one of proposed budget and therefore tax increases, the Mayor might want to lead by expressing the view that all of Council is equally concerned and that a thorough review would precede any tax increase. Further, the Mayor may want to express the notion that a visit with the Territorial Government is in order given the limitations placed on revenue sources. Simply saying nothing in response to administrative projections is not acceptable. Neither is making firm commitments other than the promise to investigate (as I point out later).

Leadership requires vision, commitment and character. It is more readily described than fulfilled. The Mayor must be able to see further, see first and see with clarity. Key issues need to be described with passion and persuasion. The process for ensuring that the issue not be allowed to drift away needs to be articulated. The Mayor ought to be

able to count on Council support at least to ensure key issues are fully investigated by the administration.

The Mayor as Servant

Less one be lead to believe that I am in favour of placing the Mayor on an unnatural pedestal of unchallenged authority, I offer this observation. The Mayor, who is to be first amongst equals, needs to learn to be servant of all. No one who wants to be successful in any aspect of life can be sure of this perception if those making the assessment are never given the assurance that their needs are accorded a reasonable degree of priority. That is, a Mayor who will be judged by her colleagues as most successful will be the person who places the needs and aspirations of their colleagues before their own. While this takes more maturity than God has apparently granted to most, a successful Mayor understands this equation.

To achieve, you need to help others hit their targets or at least be seen to do so. The Mayor needs to spend time with her colleagues on a one-to-one basis in order to understand who they are, their backgrounds, their perception of big picture issues, their local concerns and their future plans. This should not be relegated as unimportant but, rather, viewed as an absolute essential plank in building a coalition that will withstand the vagaries of political life.

The Mayor is the servant of the people and holds office at their pleasure. Regardless of length of tenure or popularity in the most recent election, the only certainty of public office is the reality that someday the present office-holder will vacate it. (As I describe to my audiences, I went from being “Your Worship” to “Your Washup” in one evening- fortunately, voluntarily)! The Mayor needs to ensure that he or she does not seek to “lord it over” others nor to seek unfair advantage at the expense of others. The Mayor should not use the office to gain position for future gains or other political office (there is none higher, by the way). The Mayor should be referred to respectfully by everyone while in that office but will inevitably become who they were at home before attaining such lofty heights. (Thus, for example, the Mayor’s spouse should not be expected to roll over in the morning and say “Good morning Mr/Mrs) Mayor).

Successful leaders serve others and do so willingly.

A Governance Model (The Cuff Template)

The following is a combination of governance issues and concepts which the author has written about and discussed over the past two decades and which have, from time to time, gained some traction. On the other hand, there are likely at least an equal number of Councils which have decided for their own reasons to stick with what they know as a preferable course. It is my argument that every Council at the start of a term should seriously consider how they can make their decision-making process better.

1) The Impact of the Governance Model

Governance practices can and do impact the quality of decisions made and the sense of confidence by a Council in making them. It has been my experience that members of Councils that sense they are struggling with their governance model are often overheard to complain:

- “The process has been unnecessarily hastened and as a result, the calibre of decisions is called into question”.
- “The process has left minimal time for discussion with my fellow Councillors and the staff”.
- “This is a public issue and they have not been consulted. Why the rush?”
- “Why do we refer such an important issue to the few members of Council serving on that Committee? All of us need to be at the table and consulted”.
- “Members of the public seem to have better access to our decisions than I do. I overheard xxx talking about this issue in the café yesterday and they seemed to know more about what our staff is up to than I do”.

The governance model (i.e. how we make decisions) can have a tremendous impact on any Council. Such impacts are felt in terms of:

- The time Council spends making a decision
- The number of times a decision is re-visited
- The sense (or question) that all the relevant information has been placed on the table

- The ease by which members of Council can make their point on any agenda issue
- The sense that all Council members are afforded the courtesy of a responsive and good listening audience
- The proximity of the decision-makers to the public
- The proximity of the decision-makers to the administration
- The ease by which the public can access the decision-making process at the critical stages
- The sense that the Procedural Bylaw either inhibits or promotes good decision-making
- The degree of comfort and confidence expressed between the Mayor and the Chief Administrative Officer
- The confidence of the Mayor in providing comment on key issues
- The objectives of the current Council and whether these are best achieved using the present governance model or another model.

2) Time to Consider

The best opportunity to consider changes to any governance system is immediately following an election. Change is easier to make when everyone is relatively new and has not yet seized ownership of a bad or flawed system. (There is a question as to whether or not the pain or angst of change is exceeded by that of the status quo). However, new members of Council may not as of yet experienced the frustration of their predecessors and thus may not understand the need to change.

A further opportunity typically presents itself part way into a term but sufficiently distanced from the final post of an election. Council members have experienced the flaws and may be convinced that a change in how they view governance will be required if any new system is likely to work. Often this follows the perception by the administration that this governance system does not fit this Council but until Council starts to ask for information on the alternatives, not much is likely to happen.

3) Confidence is the Key

All of the above has an impact on the confidence of a Council in its decisions. Council can be assured that its model is working to its advantage when it can make decisions even in heated circumstances and on divisive issues and still emerge from the process feeling that regardless of the heat, the decisions are defensible. It has been my observation that while the governance model is extremely important, it is far more critical that Council has confidence in its own ability to make good decisions that stand the litmus test of time.

4) An Agendas Committee

While many municipalities overlook the importance of the agenda to good Council decision-making, I believe that an agenda is central to the process of local government and one of the key instruments by which Council controls the decisions which impact upon the City. Without a thoughtful approach to building an agenda, the decision-making process will quickly appear mechanistic and stale. It will also be dominated by the administration that, while central to the process, should not be the only players involved in determining what is or is not on the agenda.

The agenda should be seen as your instrument in making sound decisions and for ensuring that important issues are constantly kept in the forefront of Council. Although the physical preparation of the agenda should be the responsibility of the CAO and Municipal Clerk, the agenda itself should still be seen as Council's decision-making tool and that of its principal advisor, the CAO. Rather than solely being a list of issues derived by management based on its need for certain answers, or responses to correspondence from the public and others, the Council agenda should also contain any issues which arise which are of concern to members of Council.

4.1) Mandate and Guidelines for the Agendas Committee

The proposed mandate of the Agendas Committee is:

- to ensure that the business of Council is being dealt with fairly and expeditiously

- to review potential agenda items and ensure that these are appropriate for inclusion on a Council and/or the Governance and Priorities Committee agenda
- to ensure that the voice of individual Council members is heard and reflected in the agenda

to advise Council as to why any particular matter should not be brought forward for Council review at the present time.

The Agendas Committee should consist of two members of Council (Mayor, the Deputy Mayor)(If one of the foregoing is not available, a roster of alternates should be established which the Clerk utilizes to determine who to call to fill in). Advising the Agendas Committee should be the responsibility of the CAO (or designate) and the Municipal Clerk (or designate). This committee should meet about 3-4 days prior to a GPC meeting and review the agenda items as put forward by either the CAO, members of Council or by the Clerk. This committee should operate by consensus. Agenda items should include:

- those submitted by the administration (and which require Council's policy review and approval)
- those which Council members agree by a resolution of Council to refer to either this Committee or to the GPC agenda for consideration
- those issues which an individual Council member might submit which the Committee believes warrants a report by the administration (and thus which the Committee places before Council in the form of a "notice of motion")
- those which external boards/agencies believe require the guidance of Council before they can take a particular course of action.

The Agendas Committee is not intended to act as a censor for agenda items. Rather, it is to serve as a sounding board for both Council and the senior administration to ensure that issues are dealt with effectively and in the proper course of time. The Committee is charged with ensuring that the time a Council spends considering Council's business is used wisely and that business is conducted as openly as possible so as to be transparent before the public.

The Committee will ensure that the focus of Council is placed on “higher order” issues that potentially can impact current Council direction and policy. These “higher order” issues, for the most part, will likely be those of a strategic policy nature dealing with those issues which we outline as being within the purview of a Council.

The Agendas Committee will not have authority to defer any proposed agenda matter for longer than one regularly scheduled meeting without the prior consent of Council (by resolution). The Municipal Clerk should be responsible for establishing a mechanism for tracking these issues and for advising the Council as to their eventual disposition.

Any staff report intended for Council should be directed through the appropriate administrative channels to the CAO and thus becomes “his” report. That is based on the logic and protocol that it is through the CAO that all members of staff report. If the reports are authored by someone other than the CAO, then that name should also be shown on the “request for decision” covering page to which we have alluded earlier together with the name and signature of the appropriate department head. (As noted earlier, the CAO is expected to sign off all reports that are tabled at a committee or Council meeting).

A further important role for the Agendas Committee is the determination of which items ought to be referred to the Governance and Priorities Committee (GPC) for its review. Such items should be those which are policy-oriented or are perceived to generate controversy in the community or which the administration believes will likely take more time for Council to fully digest and appreciate. The GPC is not intended to be a “dry run” for a Council meeting where the latter forum becomes simply an exercise in baptising. The items on a GPC should be viewed by the Agendas Committee as significant and a cause to ponder.

5) Governance and Priorities Committee (GPC)

The GPC is expected to become a very important component of Council’s decision-making as Council gains familiarity with its usage. The GPC is **NOT** intended to be an extension of a Council meeting. It will have a distinctly **different agenda** which may feature only one or two priority business items which will also appear on the regular

Council meeting agenda. In addition, it may include a reporting process for any external committees to report on matters which they believe ought to be considered by Council for a decision.

The GPC could be utilized as well for dealing with an initial review of issues which individual Councillors have asked to be placed on the Council agenda.

The GPC should also be used by Council as an opportunity to hear from potentially a wide array of speakers on topics of some concern locally but on which the Council has yet to take a strong policy position. In such instances the GPC may decide to simply recommend the matter forward to Council “for information” or that it be referred back for further consideration by the GPC prior to a formal policy recommendation being presented to Council.

Advantages of a GPC

A GPC model makes a lot of sense from a number of perspectives:

- it brings all of Council together at the same time and venue to discuss “larger order” policy issues which will then be moved forward to a Council agenda. Council is afforded time to ponder.
- The GPC is primarily a discussion, information-seeking forum; that is, it is not intended as a dry run for the next Council meeting. Its agenda ought to be very different in that it might normally only have a few items which have been identified by the Agendas Committee (see terms of reference) as most likely to generate the more significant discussions.
- Council and its administration can determine how best to seek community input on significant issues but certainly the GPC is one useful mechanism. The GPC is open to the public although the GPC members could decide to move in camera on legitimate confidential matters. Council can use this committee in innovative ways through structuring of the agenda; through inviting specific individuals or groups to make presentations; etc.
- The GPC should be seen as more of a working committee where there will be less formality but still procedures being followed. It could take place in a boardroom (if one exists which is large enough) and Council and management might be

seated at the same table (whereas they would be at separate tables in a more formal Council meeting).

- The GPC is not a decision-making committee. All issues discussed at GPC go forward to a regular or special meeting of Council and will be accompanied by a management report which has been signed off by the CAO.
- The GPC should eliminate the need for any standing committees and will assure all members of Council that regardless of what ABCs (agencies, boards and committees) they serve on as a liaison of Council, such agenda matters requiring Council's attention would first be addressed at the GPC as necessary.

5.1) Terms of Reference

The following are proposed as the appropriate terms of reference for the Governance & Priorities Committee. The GPC may:

- Hear from delegations and/or refer these on to Council
- Review matters forwarded to it by the Agendas Committee or by Council
- Require that all agenda matters on the agenda be supported by a draft report from the CAO or as delegated
- Recommend that a new policy be approved by Council in order to deal with the matter under discussion
- Review reports or minutes containing action items from external boards and committees so that there is some degree of consistency as to how each is treated by the Council
- Invite guest speakers to attend and present on the topic(s) or stage a debate between two organizations or speakers known to hold varying views on the topic at hand
- Meet publicly at least monthly at a time which is deemed by a majority of Council to enable any interested public to attend
- May determine to meet in-camera on a vote of the committee at the conclusion of a meeting; in-camera matters are limited as per the legislation

- Meet principally as a forum for discussion rather than as a decision-making arena (enables all of Council to review and discuss key issues without the requirement to decide)
- May refer an item to the CAO for more information or clarification but must move the issue forward to Council for its consideration and decision upon receipt of the clarifying information (in other words, the referral process if used is intended to be limited on a normal basis to two weeks).

6) Administrative Review of Agenda Issues

While the agenda and tone of a GPC meeting is not as formal as that of a regular meeting, the quality of any debate will depend on the quality of the input. This requires that the CAO and his department heads as appropriate establish their own timeline such that a meeting of the Corporate Leadership Team (CLT) occurs several days prior to the Mayor, CAO and CO who will review any agenda for the GPC and Council.

The key for the CAO and his CLT is to keep the focus on the broader and more strategic issues. The key determinants of whether or not an issue goes forward to the GPC meeting should incorporate consideration of:

- Is this a matter that we require Council's endorsement of?
- Is this a matter of a new or a revised policy?
- Does the issue have broad community significance?
- Is this an issue that it can be reasonably argued that Council would expect to see and provide direction to even though it may be within the parameters given to the CAO to act?

3.2.2 Legislative Requirements

Section 224 of the Municipal Act, 2001 states that the roles of Council are as follows:

"It is the role of council,

(a) to represent the public and to consider the well-being and interests of the municipality

(b) to develop and evaluate the policies and programs of the municipality

(c) to determine which services the municipality provides

(d) to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council

(d.1) to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality

(e) to maintain the financial integrity of the municipality and

(f) to carry out the duties of council under this or any other act."

The Council has significant responsibilities which only it can discharge. Its primary duty is to *"represent the public and to consider the well-being and interests of the municipality"*. This is an onerous obligation and not easily discharged. This requires a Council to see the broader picture and to consider all issues from a perspective of "what is in the best interests of all?" In the case of a County Council this requirement is very difficult to uphold given that each Council member represents another jurisdiction whose needs may be at odds with those of the County or whose residents would expect that "their" Councillor or Reeve/Mayor will go to bat for their priorities first to the exclusion of all else. Such a response, of course, is contrary to the tenor of the legislation where the emphasis is expected to be on what the Council as a whole feels is in the best interests of the corporate body.

The responsibility *"to develop and evaluate the policies and programs of the municipality"* is generally recognized as an oversight role as opposed to that of initiating program changes. In the main, policies are brought forward to Council by the administration albeit often at the behest of Council. Council in that respect requests that a new or revised policy is drafted and the administration do the research and writing necessary to craft such a policy. Similarly, the administration generally is expected to bring forward new program initiatives or changes to current programs. It

is up to the Council as to whether or not such changes are made, particularly where such change requires the addition of new staff or the expenditure of increased budget dollars.

Similarly, the requirement *“to determine which services the municipality provides”* speaks to those areas wherein the Council has a choice and where the service is not mandated by the Provincial Government. In the main, the services offered are either so fundamental to the County’s role or are those designated by legislation that this stipulation is largely one of margins and not core programs.

Further, the Council’s mandate *“to ensure that administrative policies, practices and procedures and controllership policies, practices and procedures are in place to implement the decisions of council”* would appear to invite the Council into day to day administration whereas the way in which “governance” is best discharged requires that Council delegate the responsibility to manage these duties to its CAO and department heads. In some ways, Council maintains a watch on such practices through its questions at committee and Council meetings and through its ongoing relationship to both the CAO and external auditor.

Council can, however, put in place protocols and practices which ensure that it is able *“to ensure the accountability and transparency of the operations of the municipality, including the activities of the senior management of the municipality”* and to *“(e) to maintain the financial integrity of the municipality”*. Thus, a Council might be expected by its residents to ensure that all of the County’s business is to the extent reasonable and possible done in open and not behind closed doors. It can have as a clear policy that “Council’s business will be done publicly. Council can ensure that it reports regularly on all of its actions and that any budget planning or land use planning will be conducted as openly as possible. Further, the Council has a prominent role in ensuring that the financial integrity is foremost in the minds of the administration through the establishment of clear fiscal policies and through the regular follow-up by an experienced and independent external auditor.

These foregoing legislated responsibilities are expected to be on the front page of any Council’s agenda and those which guide the day-by-day, month-by-month functioning of the Council.

3.2.3 Generally-Accepted Requirements

There are general expectations placed on elected Councils in terms of the leadership each is expected to provide. These range from determining priorities to setting tax rates, from deciding on the right “brand” to determining how to apportion scarce resources to the various communities in the County.

3.2.3.1 Priority-Setting

In order to effectively guide the County and to make use of the budget dollars effectively, the Council must understand its own priorities and determine how the budget ought to reflect those. This requires that each Council develop some mechanism to discuss and debate the key issues and challenges of the day and then determine what is on first base, second and so on. This process is generally described in the literature and by practice as “strategic planning” or “business planning” and indeed is both. On the one hand, the Council needs to determine where it hopes to position the County in the longer term and secondly, what that vision suggests in terms of how to approach the budget choices faced this year.

More and more communities across Canada have adopted some system of strategic planning not as a “checklist” of what to do but rather as the foundation upon which to base good long and short term decisions. This ensures that the budget for each year is considered well in advance of the year to which the budget applies so that the best use is made of scarce and public resources. Further, given that there are always competing priorities within every organization, a plan is useful in determining which of those priorities are thought to be of a higher order than the others. This is a decision to be made by the elected officials.

Other than any such requirements for services identified in legislation, it is Council’s responsibility, in the final analysis, to determine which programs and services will be made available and in what areas to what citizens. Such programs and services will likely be brought to Council’s attention during the budget planning and approval process or as a result of the work being done on business plans. While many of these services may seem straight-forward, it has been our experience that new Councils want to be convinced that the County is involved in service delivery which is viewed by the public as important.

Thus, more and more municipalities are requesting that a “core services review” be undertaken to ensure that the County has an accurate read on what is truly important to the residents and what services are being offered because “that’s the way we’ve always done business here”.

The role of a Council has often been described as that of a steward. That is, one of the fundamental principles of a local governing body is that it will ensure that the resources of the County are being utilized wisely and in accordance with the budget and Business Plan as well as any policies and procedures which may apply. Ensuring that Council has made the best use of resources requires that it:

- Identify clearly “what business we are in”
- Ensure that there are clear lines of delineation with respect to what business unit delivers what service
- Establish clear policies relating to the recruitment and treatment of personnel
- Identify potential risks in the use by the public of municipality-owned facilities and equipment
- Establish a comprehensive tender policy and procedures
- Identify potential suppliers of goods and services.

How does this come about? The CAO should feel confident in recommending to the Council that time be set aside for a session of goals and priority setting, preferably making use of an external facilitator. Using someone external is recommended as it is highly unlikely that the session will stay on track otherwise. Council will appreciate having someone who is experienced and external to the actual business so as to ensure that discussions do not become a repeat of the last Council meeting.

The expected outcomes of such a process include the following:

- A statement of vision
- A statement of values
- A listing of Council goals
- A series of key issues facing the Council and a prioritized list of those which Council has identified as essential to their preferred course of action.

3.2.3.2 The Policy Framework

In addition to a strategic plan, each municipal organization ought to be governed by a clear set of policies. The business of managing the County’s responsibilities is that of

the management and their employees. How that business is managed is determined by legislation in terms of minimum requirements in certain fields of endeavour and by policy of Council. Policies set out “what” is to be done. The “how” it is to be accomplished is determined by regulations and by managerial direction.

A Council needs to be in the business of asking “what is our policy on this matter?” As the policy-making authority, Council needs to understand the policy framework. Council can only do this if it clearly recognizes the issues; understands its own sense of what is best for the County; seeks input on the key issues; and is prepared to stand firm on what it believes to be the right course.

The decisions of a Council effectively become the policies of it. That is, whether the Council decides by way of resolution or by bylaw, its decisions taken together, constitute the “policy bank” of the County. While policies should preferably be presented to Council according to a set format, the key to an effective Council is the recognition that its decisions become the standard upon which the administration functions and makes decisions.

We believe that the CAO and his administration have a responsibility to bring draft policies forward to the Council on an ongoing basis. Further, the CAO should make Council aware as early in a new term as possible as to the current policies which guide significant aspects of the County’s business.

Policies should be developed on issues that are either repetitive or major. That is, if the CAO (or his administration) notes that not only a certain matter needs a Council decision but that there will likely be several other matters of a similar nature which will also require a similar policy framework, then a policy should be drafted. If the issue is significant, it too should undergo the same rigorous analysis and review which policies are also subject to.

3.2.3.3

Delegation to Management

The primary “next step” in this process is the obligation of the Council to delegate the implementation of its policies to its chief administrative officer (CAO). The CAO plays the primary role in acting as the link-pin between Council as the policy-makers and the staff as the administrators of those policies. The CAO is viewed as the Council’s chief

policy advisor and as the person responsible for ensuring that the decisions of the Council are effectively discharged. Thus, all advice to Council from all departments is to be directed through the office of the CAO so that Council can be confident that the breadth of the County's business priorities and policies has been respected and reflected in the advice. That is the CAO acts as the advocate for the advice and opinions of the administration and ensures that the Council has the full picture of all salient points in any decision. Once Council has determined the direction to be taken from a policy perspective, the CAO is charged with ensuring that his administration implements those policies based on Council's directives.

3.2.3.4 The Linkage between Council and Management

Central to how well the administration implements the will of Council is the ongoing relationship between the Warden and the CAO. If this is a healthy and robust relationship with considerable communication between the two there should be a clear understanding by the CAO as to the direction and priorities of his Council. The effective discharge of the duties listed in Section 224 of the Act depends upon Council's understanding of their roles and the policy consequences of their decisions. This in turn is greatly influenced by the type of relationship between the Warden and the CAO. The former should be in a position to guide the CAO as to the intent of his Council's decisions whereas the latter should be able to review with the Warden any unintended consequences associated with implementing their policy choices.

3.3 Decision-Making

3.3.1 How a Council Decides

Governing effectively requires that the Council act as the principal leaders of the corporation and make those decisions necessary to ensure that all day-to-day matters are being carried out within the umbrella of Council's direction as established through policies, plans and budgets. The Municipal Councillor's Guide states:

The Municipal Act, 2001 establishes the basic framework for municipal government. Section 8 of the act provides that the powers given to municipalities under all acts should be interpreted broadly so as to allow the municipality to "govern its affairs as it considers appropriate and to enhance the municipality's ability to respond to municipal issues."

Authority for important municipal activities can also be found in many other acts, including the Planning Act, the Building Code Act, 1992, the Social Housing Reform Act, 2000, the Police Services Act, the Fire Protection and Prevention Act, 1997, the Emergency Management and Civil Protection Act, the Ontario Works Act, 1997 and the Day Nurseries Act, all administered by the provincial government.

Role clarity is essential so that Council members are able to function in one sphere and the administration another; the former are elected based on their appeal to the voters while the latter are appointed (or hired) based on their experience and training as administrators of specific functions and disciplines.

A Council decides based on a number of factors including:

- The report from its administration regarding the matter
- Its own understanding of the area or question under dispute
- Any prior resolution on this or a related issue
- What Council believes to be the best choice for its residents
- The potential impact on budgeted resources
- The possibility of establishing a precedent which may carry significant connotations for other like issues
- Personal awareness of the issue
- Any historical information on this or similar issues.

3.3.2 Decision-Making is About Choices

Problems are encountered when those who are elected attempt to replicate the work of those administering and vice versa. Roles must be clearly articulated and well-understood. The mandate of a Council is never properly discharged wherein the Council determines to do the work of the staff members. Council's time needs to be spent on establishing what it wants to see accomplished and within what level of resources. This requires that choices be made between various alternatives all of which might seem to be valid. Those elected are thus faced with the unenviable task of determining which choice is best given the circumstances and the resources available. Such choices should never be made solely by the Council. They are best made when the Council expects the

administration to weigh in with their advice based on their training and their experience in this County. While the various options may appear to have at least some merit, it is the duty of Council to make its determination based on what it believes to be best for the majority of its residents. Leadership is all about making difficult choices in an often stressful environment.

3.3.3 Decision-Making Involves Conflict

The resolution of conflict between various interests within the County is also a major part of the role of the Council. The disparate needs of a region as large as Huron County inevitably require decisions which may appear to favour certain geographic areas more so than another or one interest group more than another. This kind of decision-making needs to be carefully considered with the decision made on the basis of what benefits the majority and what is in the future long term interest of the whole.

County Council, even though the members come from the far reaches of the County, is expected to make decisions which are in the best interests of the whole. This requires that a member of County Council, albeit elected from one of the lower tier jurisdictions, must set aside that “hat” and carefully consider the evidence as to what decision is capable of benefiting the whole County and not just his own local jurisdiction.

While some of Council’s decisions may not appear to involve any conflict given that the choices being faced impact the whole County, there will inevitably be others which do affect the interests of one region or interest group or community more so than the interests of others. Not everyone might support the expenditure of County funds on projects which are located in a community at the far end of the County while the needs of another region seem to have been over-looked.

3.3.4 Decision-Making Requires a Thoughtful Process

Critical to difficult decisions being acceptable to the majority of the public is the process used to make such choices. A Council which recognizes the need to adopt a step-by-step process of decision-making will note that it has more confidence that its decisions will more often than not be in accordance with the wishes of the “community”. Inappropriate decisions often result from hasty actions or requests

presented to Council at the last minute and without sufficient administrative analysis or recommendation as to the potential implications to the County as a whole.

Process adds value wherein it affords Council the opportunity to examine the more significant issues in some depth and without the normal time constraint of a regular Council meeting wherein motions are presented and a sense of urgency prevails. An acceptable process is also critical if Council members are to ensure that its boards and committees (which they have established) have the right to present their views to Council in an unfettered way, without change and with the opportunity to be adequately represented at a meeting of Council. (Unacceptable process re-routes such advice through the administration with the implied right to make changes before Council sees the external report).

Responsible process enables Council members to seek clarification and assurance that their decisions were indeed carried out as determined by Council and not as administration may have preferred. This necessitates some feedback mechanism which assures the Council that its decisions are being implemented according to the direction and tone of Council's choices.

3.3.5 Decision-Making Relies on a Sound Policy Framework

Policies are what ought to be guiding the actions of the County's employees. An effective administration cannot rely on whim or on what this person or that thought was the best course of action. That type of decision-making will surely lead to conflict and considerable confusion. The administration is expected to make its decisions within the constraints of the approved Council policies and plans unless and until such plans and policies are being changed by this Council.

When a Council is elected it effectively inherits all the decisions which preceded their election until such time as those decisions are changed. Council members who are not afforded the opportunity to review the County's current bylaws and policies are being expected to make decisions in the dark. Such a practice ought not to be tolerated.

Council benefits from a policy framework that sets out the parameters of key issues and establishes Council's direction as to what it believes constitutes the best course of action.

Like all policies, these of course can be changed from time to time depending upon the interjection of new information and/or new circumstances.

3.3.6 Decision-Making Requires Effective Participation

All members of Council are entitled to participate equally at all regular meetings of Council. This does not mean that each needs to speak as frequently as their colleagues but, rather, that each recognizes that he/she could if they so desired. This requires reading the background materials provided to Council by the CAO and Clerk as well as asking questions of the CAO (or, through the CAO to the department heads) where there are unresolved issues which may not have been clear in the background materials.

3.3.7 Decision-Making Requires a Clear Understanding of the Role of a Liaison

Each Councillor needs to be aware of the need to understand the expectations of his participation as a member of committees to which he has been appointed by Council. Unless otherwise stated, a member of Council is expected to be a *liaison* on behalf of Council as a whole. This will likely require taking messages from Council to the committee and voting on issues at committee or board meetings as the member believes Council would have him vote. Where there is uncertainty as to the position of Council relative to an issue, then the member should so indicate that his opinion is a personal one and not necessarily the position of Council as a whole.

It should also be noted that members of Council should never feel that they are to become the advocate for a particular body to which they have been appointed. That should be the role and responsibility of the chair of that body. **Councillors are to be advocates for the County and not for a particular group.**

3.3.8 Decision-Making Involves Discussion with the CAO

Council should always seek the advice of its CAO on policy issues or those simply requiring Council's resolution. Whether or not Council agrees with the advice of its CAO is another matter but there should be sufficient respect that at least a report on the matter by the CAO (or approved by him) is being sought.

This type of decision-making relies upon the trust and respect which the Council has built with its chief officer. Where that has happened, Council members will rely upon

the advice of its CAO or at least be prepared to afford the CAO the courtesy of reviewing his input.

The CAO is the Council's "go to" person and as such must ensure that any decisions of Council are in fact discharged as the Council directs. The Council and CAO may put in place mechanisms to ensure that this mandate is being taken seriously and discharged effectively.

3.4 Council's Ability to Act

There are certain caveats on the ability of Council members to act. In the first instance, Council decisions can only be determined when Council is meeting in a duly called meeting. That is, a single member of Council cannot act on behalf of the County or commit the County to any action. Decisions are made as a body.

County Councillors must adhere to the need to keep confidential matters private. That is, when Council as a whole determines to go "in camera" to review a matter, that issue being discussed is expected to remain in that state of privacy until such time as Council has been advised to release the matter publicly (which may never be the case) or when Council as a body determines by resolution to release such information.

Council members must refrain from publicly naming any member of staff in their accusations of poor performance or illegal activity. The administration must be protected from spurious allegations or commentary that has the potential to impair the public's perception of their performance. Any such comments need to be confined to an "in camera" session involving Council members and the CAO, not in a public forum wherein real damage can be done without justification to someone's reputation.

3.4 What a Warden Does

The position of Warden is dealt with separately in this Report because it is viewed as distinct from that of the rest of Council. The Warden is regarded by Council and the administration alike as the chief spokesperson for Council, both to the public as well as to the administration. The Warden should be able to act as the rudder of the ship of state in guiding Council towards reasonable decisions regardless of the fact that the Warden has no more individual authority than any other member of Council.

3.4.1 Legislatively

The Municipal Councillor's Guide describes the role of the Warden as follows:

Depending on your municipality, the head of council may be called a warden, chair, reeve, or mayor. Whatever title is preferred, the role of head of council as set out by the Municipal Act, 2001 remains the same:

- "225. It is the role of the head of council,*
- (a) to act as the municipality's chief executive officer*
 - (b) to preside over council meetings so that its business can be carried out efficiently and effectively*
 - (c) to provide the council with leadership*
 - (c.1) without limiting clause (c), to provide information and recommendations to the council with respect to the role of council described in clauses 224 (d) and (d.1)*
 - (d) to represent the municipality at official functions and*
 - (e) carry out the duties of a head of council under this or any other act."*

As chief executive officer of the municipality, the head of council has special responsibilities, which are set out in section 226.1 of the Municipal Act, 2001:

- "226.1 As chief executive officer of a municipality, the head of council shall,*
- (a) uphold and promote the purposes of the municipality*
 - (b) promote public involvement in the municipality's activities*
 - (c) act as the representative of the municipality both within and outside the municipality, and promote the municipality locally, nationally and internationally and*
 - (d) participate in and foster activities that enhance the economic, social and environmental well-being of the municipality and its residents."*

With such responsibilities, the head of council has a prominent and highly public profile. Many citizens within your municipality will have high and often varied expectations for the head of council. The head of council must find a way to balance these expectations.

Nevertheless, decisions of the municipality are made by council as a whole. The head of council does not have any more power than any other member of council to make decisions on behalf of the municipality.

On an annual basis County Council goes through a process of electing a Warden from amongst their ranks to serve as their leader for the next year. The Warden serves as the head of Council similar in role to that of lower tier Wardens/Reeves and performs the functions both expected and congruent with the role.

The role of the Warden is referred to in legislation in Sections 225, 226 with reference to the head of Council. The Warden is expected to:

- Act as the chief executive officer of the County
- Preside over Council meetings
- Provide leadership to the Council
- Promote public involvement
- Represent the municipality at official and ceremonial functions
- Seek to encourage actions and decisions which are perceived by the Warden as being in the best interests of the County
- Carry out the duties of the head of Council under the legislation.

There is no question but that the manner and style in which the Warden's responsibilities are discharged will be largely dependent upon the individual nature of the incumbent. Each Warden will approach the job somewhat differently in terms of their style of leadership, although there are certain common expectations and duties. Central to the role, however, is the need to recognize its political base and the fact that there is no expectation for the Warden to be involved in the day-to-day work of the staff.

3.4.2 Two Primary Roles

In Huron County, the role of Warden both historically and currently is essentially two-fold. The Warden is expected to: act in a ceremonial role and represent the County at numerous social and community gatherings; and secondly, to chair Council meetings. Providing leadership to County Council and representing the municipality at official functions are newer duties, reflecting contemporary public expectations accompanying this role. While this position carries with it considerable respect and has been described by some of those we interviewed as the peak of local government leadership on a regional basis, it is interesting that it is not viewed as having much clout in terms of any policy leadership or executive functions.

At the same time, we note that the Warden as the ceremonial figurehead for the County should not be overlooked or downplayed. This role is often what is seen by the residents of the County and while they have their respective Mayors at the local level, there is also considerable regard for the elected head of the County. Thus, the Warden needs

to be seen at as many County and local events as possible and to engage the populace on issues which concern them. The County office should be helping to identify such social and ceremonial engagements and ensuring that the Warden is made available to “carry the County colours”.

The chairing of meetings is also of importance in terms of the Council being viewed as “having its act together” at least in terms of following due process. This role of course is one which is supplemented by the Clerk who will ensure that the Warden is made aware of any legislated or bylaw requirement in terms of how the meeting is supposed to be run. This does not necessitate that the Warden be intimately familiar with the Procedural Bylaw or a prescribed “rules of order” but that he be aware of the actions which enable the meeting to flow smoothly. The question of whether or not the Council perceives the Warden’s role as to simply open and close the proverbial gate is a moot point and one which we will discuss in greater depth later in this Report. In other words, does the Warden have a voice as a leader at the Council table wherein he is expected to weigh in with his opinion on key matters or is he expected to do that at the Committee of the Whole meetings only? Does his voice carry more weight than that of his colleagues or is he co-equal with his colleagues?

3.4.3 Warden as Chief Executive Officer

The literature seems to suggest that the title “chief executive officer” carries with it far more authority and far-reaching responsibilities than that imagined by the municipal legislation. In the main, both for profit and not-for-profit organizations view their CEO as the executive and administrative leader with powers of management and the prominence of policy leadership. The Ontario legislation paints a rather different picture wherein the Warden as chief executive officer (CEO) is a titular position with responsibilities limited to being the public face and the chair of public (and in camera) meetings. The CEO in the former sense reports upward (i.e. to a board of directors) whereas the CEO in the municipal sense reports either to the public or to his/her colleagues. In the pure sense of those words, the CEO would advise his/her board and then manage the employees in their day-to-day responsibilities. This is not the role envisioned here.

The Warden is perceived as ultimately responsible for what happens in the County without having many of the tools or powers at his disposal to affect change in those behaviours. He can of course suggest new or revised policy to the Council. He can make suggestions to the chief administrative officer (the person delegated to manage the corporation) but is very limited in terms of directing the CAO to act (much as he might like to).

As their “CEO”, members of Council recognize that even a group of leaders needs someone appointed to lead. Thus, a Warden is not only one of Council, he (in this instance) must be a person who can seize the initiative and suggest actions or decisions which he sees as being of benefit to the County as a whole. In the final analysis, if things go badly during a term of office, the Warden will be viewed as being responsible for the cause and results of the actions as the leader of the Council (and thus of the organization). Few people will make the distinction between this role and that of the CAO.

Whether or not the Warden will be successful in this role as “chief executive officer” will depend in large measure on whether he is able to garner the support of the Council to make certain changes and whether or not the administration agrees that such change is necessary. This “power” is more in keeping with the Warden’s perceived power which is one of influence. The title of “Warden” carries a certain degree of respect and while the degree received is dependent on the personality and persuasiveness of the Warden to “pull it off” there is a general sense by most members of Council that it is in their own best interests that this Warden be successful. The Warden has, in effect, informal authority accorded to the position by both the public and administration alike as might be expected for anyone holding the position of chief executive officer. If Council shows its support for the ideas and initiative of the Warden then the perceived power of the position is enhanced. If the Warden’s ideas and actions are routinely criticized and curtailed, then the position in the eyes of all members of Council and the administration suffers. If the Warden views the role as largely ceremonial and a useful title to have on one’s resume then the power will be largely restricted to that of a ceremonial figure and a meeting chairperson.

In Huron County the Warden is expected to:

- attend and chair all meetings of Council
- attend all meetings of the committees of Council (but not chair)
- attend all meetings of the Library Board and Board of Health (but not chair)
- meet with local Councils and Provincial officials (i.e. Ministers)
- act as the public spokesperson for the County in discussions with the media and with other lower tier leaders.

In addition to these roles, the Warden is expected to have somewhat more profile with the administration due to a more frequent presence in the office and contact therefore with members of the administration. How the Warden interacts with the administration and the power he exerts relative to the functions of staff are more a reflection of the personality and leadership style of the incumbent. While the Warden's power is largely informal, the fact that he can exercise influence over the conduct of the business of the municipality is a certainty. This does not ignore the fact that the Warden has only one vote on all matters and is, in many respects, co-equal with his colleagues on Council. Rather, it reflects the fact that the public and media often tend to pay more attention to the Warden than to others on Council. The Warden must therefore be very prudent in his use of this power and exercise it for the good of the community as a whole.

3.4.4 Warden as Team Leader

The image of the Warden as an effective leader is highly dependent on the willingness of the rest of Council to follow the lead of the Warden and to work together. This does not dispute the right of individual Council members to have independent views on all topics. Rather, this observation reflects the need of Council to receive leadership from the chair and to respect the right of the Warden to provide such leadership as best as he/she is able to do so.

The Warden is expected to draw the Council together as a reasonably cohesive group which has a commonly-chosen "game-plan". This does not detract from our view that all members of Council are expected to articulate their own positions on the issues as strongly as possible. We note that Council members are independent and may decide to support or not the intentions of the Warden. Rather, it simply refers to the

expectation that the Warden, as chief elected official, will encourage Council to view accepted policy from a "Council as one unit" perspective rather than individually.

Albeit not particularly well understood, the chief elected official is the most logical person to act as the conciliator for all of Council and the one person most likely to find any common ground between sometimes polar opposite points of view. The Warden is in the best position to seek consensus amongst his colleagues on Council on issues wherein it is apparent that significantly divergent views are held.

The Warden is, however, expected to draw the views of his colleagues together and to point out a reasonable compromise if one exists. The Warden needs to retain his impartiality on the issues until the issue has been presented to Council and until it is appropriate for the Warden to voice his personal views on the issue. While the Warden is not expected to compromise his principles, most issues have within them the potential for agreement providing that people are prepared to see each other's point of view. The difficulty, of course, is convincing everyone that some degree of compromise is needed to reach a reasonable solution.

3.4.5 The Warden as Liaison to the Administration

Based on his position as the County's political leader, it is obvious that the Warden will have more contact than his colleagues with members of the administration and particularly the CAO. The Warden will be asked to sign documents and act as one of the County's signing authorities.

Although the role of a Warden is to be the political leader of the Council, it is also often the case that both the Council and administration expects the Warden to provide a linkage between the legislative and administrative arms of government. This role is particularly important as a means of ensuring that the views of Council as a whole are understood at the senior level of management. The Warden needs to be able to advise the CAO and senior staff as to Council's view of a matter or to clarify a policy position or explain a particular grievance as expressed by Council.

The Warden needs to be careful, however, that his actions do not lead the rest of the organization to conclude that he is the administrator. The Warden, like all members of Council, needs to defer to the CAO on staff issues or run the risk of severely damaging

and undermining that office. This is one of the reasons why the Warden needs to be careful in how accessible he is to other members of staff other than the CAO, unless such meetings are held with the CAO or at least with his advance knowledge.

The Warden does not have the authority to provide any member of the administration with Council's direction on any issue unless Council has already addressed the matter and provided clear direction through a stated policy. To do otherwise will bring Council's role into question and will, at the same time, effectively undermine the authority and image of the CAO. It would be wise of the Warden to not express such direction given that this will no doubt negatively impact the influence of the CAO.

Due to the prominence of the office, the Warden may often be briefed on issues prior to the rest of Council. This is reasonable given the expectation of a closer personal contact with the CAO than the rest of Council and due to the Warden's need and right to be immediately briefed. The Warden's additional access to information places him under an obligation to ensure that the rest of Council receives a full briefing of such issues so that they are fully aware of such issues on a current basis. It is not wise for the Warden to ever withhold such information if he expects his Council to want to work together under his leadership. Thus, the Warden and the CAO should establish a mechanism that ensures that all members of Council are equally and concurrently advised of the issues as they develop.

3.4.6 The Warden's Role on Committees and Boards

There are two mechanisms whereby the Warden may be appointed to a local or regional board or committee. The first is an appointment by Council to a board or committee wherein the Warden is viewed as "one of". That is, in such a position, the Warden does not possess any additional powers or privileges than any other board/committee member. The second type of appointment is that of the Warden being appointed as an "ex officio" member. In this instance, the Warden is appointed by virtue of his office and holds that position as long as he holds the office of Warden. In this instance, the appointment bylaw or resolution will describe if the Warden has the power to vote on matters, speak to issues or hold an executive position on that body. In most instances, the Warden would simply have the authority to attend and to speak.

3.4.7 The Warden as the Primary Liaison to Other Jurisdictions

One of the key roles of the Warden is that of acting as County Council's key representative to other jurisdictions. Thus, the Warden will be viewed as speaking for Council when he attends meetings of lower tier municipalities, the Provincial Government (likely through County-based MPPs) and the Federal Government (likely with the area Member of Parliament). While such meetings may not occur regularly, there will be instances wherein the presence of the Warden is deemed to be of benefit given that his office speaks with the clout of the full body of Councillors. The Warden needs to exercise caution that his connections are kept to the political level and are not at the administrative levels (which ought to be the role of the County's CAO).

3.4.8 The Warden's Delicate Power Base

The foregoing points to how the position of Warden can be an effective "rallying point" for the County. The role carries with it "positional" clout whereby respect is naturally accorded to the position and thus by extension to the person wearing the mantle. This is both a tremendous honour as well as a delicately held position of power. It requires a person of maturity and solid character upon which leadership is based and from which good things emanate.

The power base is dependent both on the authority granted by legislation (which as discussed is quite limited) and upon the latitude extended by the rest of Council to the manner in which the Warden performs his role. If the Council as a whole is satisfied that the Warden has only the best interests of the majority at heart, it is likely to extend the parameters of power such that the Warden can be an initiator of change and more active in policy leadership. If the historical limitations of the position are adhered to (i.e. the Warden is expected to chair meetings and act in a ceremonial role), then the range of authority granted (or acceded) to the Warden might be very narrow indeed.

While we recognize the additional powers and prestige of the office of the Warden, these powers are only effective when supported by the rest of Council. This serves as a useful check upon the authority of not only the Warden but Council as a whole.

As the official representative of the community, the Warden will more frequently be in a position of being the host of visiting groups and delegations. This will require the Warden to have some latitude in that any expenses incurred by the Warden in hosting such organizations, delegations or individuals should be legitimately picked up by the County. This will result in the Warden having the obligation to ensure that each month's expenditures are properly documented and accounted for. This should be handled in a manner as advised by the County's external auditor. A reasonable budget needs to be established for this purpose on an annual basis.



Financial Statements

June 30, 2019

City of Yachats

**CITY OF YACHATS
LINCOLN COUNTY, OREGON**

OFFICERS AND MEMBERS OF THE GOVERNING BOARD
June 30, 2019

City Council

John Moore, Mayor
P.O. Box 345
Yachats, Oregon, 97498

James Kerti
P.O. Box 345
Yachats, Oregon, 97498

James Tooke
P.O. Box 345
Yachats, Oregon, 97498

Leslie Vaaler
P.O. Box 345
Yachats, Oregon, 97498

Max Glenn
P.O. Box 345
Yachats, Oregon, 97498

Shannon Beaucaire
City Manager
P.O. Box 345
Yachats, Oregon 97498

Address of Registered Office
P.O. Box 345
Yachats, Oregon 97498

**CITY OF YACHATS
LINCOLN COUNTY, OREGON
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

**Honorable Mayor and Members of the City Council
City of Yachats
Yachats, Oregon 97498**

We have audited the accompanying modified cash basis financial statements of the governmental activities, the business-type activities, the aggregate blended component unit, each major fund, and the aggregate remaining fund information of City of Yachats, Oregon, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The City of Yachats' management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities, the business-type activities, aggregate blended component unit, each major fund, and the aggregate remaining fund information of the City of Yachats, Oregon, as of June 30, 2019, and the respective changes in modified cash basis financial position and, where applicable, cash flows thereof for the year then ended in accordance with the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describe the basis of accounting. The financial statements are prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Report of Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Yachats' basis financial statements. The accompanying supplementary information is presented for purposes of additional analysis and are not a required part of the basic financial statements.

The budgetary comparison information presented, individual fund financial statements, and combining statements presented on pages 53-73 is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the basic financial statements as a whole on the basis of accounting described in Note 1.

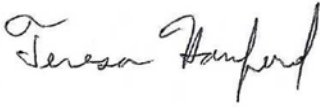
The management' discussion and analysis on pages 11-18 and introductory information on pages 3-5 have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on such information.

Reports on Other Legal and Regulatory Requirements

In accordance with *Government Auditing Standards*, we have also issued our report dated November 25, 2019, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have also issued our report dated November 25, 2019 on our consideration of the City's compliance with certain

provisions of laws and regulations specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in black ink, appearing to read "Teresa Hanford". The signature is written in a cursive, flowing style.

Hanford & Associates, LLC
West Richland, Washington
November 25, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

MANAGEMENT'S DISCUSSION AND ANALYSIS

This section of the financial report presents discussion and analysis of the financial performance of the City of Yachats during fiscal year ending June 30, 2019. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

The City's net position increased by \$1,939,194 – an increase of \$2,049,899 in governmental funds and a decrease of \$110,705 in the enterprise funds.

All debt payments on our outstanding five debt obligations were paid timely.

The total cash outlay for expenses in all funds was \$2,728,950.

The General Fund (the primary operating fund) reports an increase in the fund balance of \$137,861.

Overview of the Financial Statements

This annual report consists of four components: 1) management's discussion and analysis (this section), 2) government-wide and fund financial statements, 3) notes to financial statements, and 4) supplementary information.

1. **Government-wide financial statements.** The Statement of Net Position and the Statement of Net Activities provide information about the activities of the City government-wide (or as a whole) and present a longer-term view of the City's finances.
2. **Fund financial statements.** Fund financial statements focus on the individual parts of the City government. Fund financial statements also report the City's operations in more detail than the government-side statements by providing information about the City's most significant (major) funds. For governmental activities, these statements tell how these services were financed in the short term, as well as what remains for future spending. For proprietary activities, these statements offer short-term and long-term financial information about the activities the City operates like businesses, like water and sewer services.
3. **Notes to the financial statements.** The notes to the financial statements are an integral part of the government-wide and fund financial statements and provide expanded explanation and detail regarding the information provided in the statements.
4. **Supplementary information.** The annual report includes optional financial information, such as management's discussion and analysis, budgetary comparison schedules, and combining statements for non-major funds (that are added together and shown in the fund financial statements in a single column). This other supplemental financial information is provided to address certain specific needs of various users of the City's annual report.

Basis of Accounting

The City has elected to present its financial statements on a modified cash basis of accounting. This modified cash basis of accounting is a basis of accounting other than accounting principles generally accepted in the United States of America. Basis of accounting is a reference to when financial events are recorded, such as the timing for recognizing revenues, expenses, and their related assets and liabilities.

Under the City's modified cash basis of accounting, revenues and expenses and certain related assets, liabilities and deferred inflows and outflows are recorded when they result from cash transactions or events, except for certain modifications, such as the recording of depreciation expense on capital assets in the government-wide financial statements for all activities and in the fund financial statements for proprietary fund activities.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid and accrued expenses and liabilities) are not recorded in these financial statements. Therefore, when reviewing the financial information and discussion within this annual report, the reader should keep in mind the limitations resulting from the use of the modified cash basis of accounting.

Government-Wide Financial Statements

The condensed government wide financial statements are presented on the next few pages. One of the most important questions asked about City finances is, "Is the City, as a whole, better or worse off as a result of this year's activities?" The Statement of Net Position and Statement of Activities report information about the City as a whole and its activities in a way that helps answer this question. These statements include all of the City's assets and liabilities resulting from the modified cash basis of account as further defined in the notes to the financial statements

These two statements report the City's net position and changes therein. Keeping in mind the limitations of the modified cash basis of accounting, you can think of the City's net position – the difference between assets and liabilities – as one way to measure the City's financial health or financial position. Over time, increases or decreases in the City's net position are one indicator of whether its financial health is improving or deteriorating. You will need to consider other nonfinancial factors, however, such as the condition of the City's roads, to assess the overall health of the City.

In the Statement of Net Position and Statement of Activities, we divide the City into two kinds of activities:

1. **Governmental activities.** Most of the City's base services are reported here. Property taxes, grants, and charges for services finance most of these activities.
2. **Business-type activities.** The City charges a fee to customers to help it cover all or most of the cost of certain services it provides. The City's water and sewer systems are reported here.

The following tables provide a summarized look at these two statements as of and for the year ending June 30, 2019.

	Statement of Net Position - Modified Cash Basis			
	30-Jun-19			30-Jun-18
	Governmental	Business Type	Total	Total
Assets				
Cash and Investments	\$ 4,649,984	\$ 342,772	\$ 4,992,755	\$ 3,449,358
Capital Assets, net	9,948,930	8,578,401	18,527,331	18,599,866
Total Assets	14,598,913	8,921,173	23,520,086	22,049,224
Liabilities				
Current Liabilities	413,567	29,058	442,625	1,562,700
Long-term Liabilities	5,351,785	427,416	5,779,201	6,333,584
Total Liabilities	5,765,352	456,474	6,221,826	7,896,284
Net Position:				
Invested in Capital Assets, net of related debt	4,183,577	8,121,927	12,305,504	10,703,582
Restricted	2,958,540	58,496	3,017,036	2,494,596
Unrestricted	1,691,444	284,276	1,975,719	954,762
Total Net Position	\$ 8,833,561	\$ 8,464,699	\$ 17,298,260	\$ 14,152,940

The City's combined Net Position resulting from modified cash basis transactions or events increased by \$1,939,194.

	Statement of Activities - Modified Cash Basis			
	30-Jun-19			30-Jun-18
	Governmental	Business Type	Total	Total
Revenues				
Program revenues				
Charges for services	\$ 310,837	\$ 1,317,837	\$ 1,628,674	\$ 1,336,976
Operating Grants and Contributions	-	-	-	-
Capital Grants and Contributions	48,600	45,817	94,417	312,641
General Revenues			-	
Taxes	1,967,646	-	1,967,646	1,919,877
Intergovernmental	538,042	-	538,042	552,903
Interest	99,511	-	99,511	44,062
Other	19,991	-	19,991	-
Total Revenues	2,984,627	1,363,654	4,348,281	4,166,459
Expense				
Governmental activities	1,227,728	-	1,227,728	1,294,160
Business-type Activities	-	1,181,359	1,181,359	1,118,406
Total Expenses	1,227,728	1,181,359	2,409,087	2,412,566
Excess (deficiency) of revenues over (under) expenditures	1,756,899	182,295	1,939,194	1,753,893
Transfers, net	293,000	(293,000)	-	-
Change in net position	2,049,899	(110,705)	1,939,194	1,753,893
Beginning net position, as adjusted	6,783,663	8,575,403	15,359,066	12,399,047
Ending net position	\$ 8,833,562	\$ 8,464,698	\$ 17,298,260	\$ 14,152,940

Fund Financial Statements

Our analysis of the City's funds begins on the following page. The fund financial statements provide detailed information about the City's funds, not on the City as a whole. Some funds are required to be established by State law. However, the City Council establishes certain other funds to help it control and manage money for particular purposes or to show that it is meeting legal responsibilities for using certain taxes, grants, and other money.

Most of the City's basic services are reported in governmental funds which focus on how money flows into and out of those funds and the balances left at year end that are available for spending.

These funds report the acquisition of capital assets and payments for debt principal as expenditures, not as changes to asset and debt balances. The governmental fund statements provide a detailed short-term view of the City's general government operations and the basic services it provides. Governmental fund information helps you determine (through a review of changes in fund balance) whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. We describe the relationship (differences) between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in a reconciliation of the face of the fund financial statements.

When the City charges customers for the services it provides, these services are generally reported in proprietary funds. Proprietary funds are reported in the same way all activities are reported in the Statement of Net Position and Statement of Activities. For example, the City's proprietary (enterprise) fund financial statements are essentially the same as the business-type activities we report in the government-wide financial statements, but the fund statements provide more detail and additional information, such as cash flows.

The City's Funds

Governmental Activities – Major Funds:

1. **General Fund** - This fund accounts for all revenues and expenditures except for those required to be accounted for in another fund. The principal revenue sources are transient room taxes and property taxes. Cash increased \$392,408 since last year.
2. **Capital Expenditure Reserve Fund**- This fund is a capital expenditure fund that accounts for resources to be used for purchase of capital assets to be used by either governmental or proprietary funds. Also, transfers out are utilized to service existing sewer debt. The primary revenue sources for this fund are food and beverage taxes, special assessment program revenue, earnings on investments, intergovernmental grants, and transfers from other funds. Reserves increased by \$339,136.
3. **Debt Service Reserve Fund**- This is a debt service fund which accounts for money held in reserve for debt service as required by various loan covenants. Reserves increased \$172,567.
4. **South Tank Fund**- This is a special revenue fund that is supported through state sources. Ending cash increased \$245,796.
5. **Urban Renewal District** - This fund is a blended component unit of the City that receives property taxes to pay for projects and programs to improve the Urban Renewal District. Cash increased \$93,752.

Governmental Activities – Non-Major Funds:

1. **System Development Charges Fund**- This is a special revenue fund which accounts for acquisition and construction of improvements and expansion of infrastructure assets.
2. **Street Fund** - This fund accounts for state highway gas tax revenues, utilized for maintenance, repair, improvements, and construction of Citystreets.
3. **Storm Drain Systems Fund**- This is a special revenue fund which is primarily funded by transfers in from other funds for the purpose of public works obligation.
4. **Visitor Amenities Fund**- This fund is a Special Revenue Fund that is supported primarily by transfers in to be utilized for enhancements, facilitations, and continued improvements to the City's tourism programs and revenue sources.
5. **Highway 101 Fund**- This fund is a special revenue fund funded primarily by transfers in and

an ODOT grant to be utilized for improvements to, and adjacent to, State Highway 101 within the City.

6. **City Amenities Fund**- This is a special revenue fund which accounts for the various amenities provided by the City. This includes the library and parks and commons which accounts for resources primarily derived from transfers in to be utilized to enhance, facilitate, and improve recreational areas within the City.

Cash for the Non-Major Funds increased by a total of \$145,103.

Business Type Activities:

1. **Water Operating Fund**- This fund accounts for activities of the Water Department. Cash increased \$139,343.
2. **Sewer Operating Fund**- This fund accounts for activities of the Sewer Department. Cash increased \$15,293.

The City does not report any non-major proprietary funds.

Budgetary Analysis

The City's revenues mirrored original projections except for grant revenues. Anticipated grants revenues which were not received during the fiscal year have been included in the budget for the 2019-2020 fiscal year.

Expenses were generally in line with budgeted expectations except for capital projects budgets which often were not spent where anticipated grants were not received.

Capital Assets – Modified Cash Basis

Capital assets used by the City in its Governmental and Proprietary Funds are shown in the following table:

Capital Assets Used by Governmental and Proprietary Activities For the Year Ended June 30, 2019

	Governmental Activities	Business-type Activities	Total Government
Land and improvements	\$ 3,539,249	\$ 113,035	\$ 3,652,284
Buildings and improvements	1,974,264	232,597	2,206,861
Streets/Hwy 101 improvement	3,457,651	-	3,457,651
Vehicles and equipment	631,396	459,059	1,090,455
Books and periodicals	93,222	-	93,222
Software	253,148	-	253,148
Water reservoir	-	399,205	399,205
Wastewater treatment plant	-	7,478,387	7,478,387
Water Plant & System	-	3,728,768	3,728,768
Total assets	9,948,930	12,411,051	22,359,980
Less: accumulated depreciation	-	(3,832,650)	(3,832,650)
Capital assets, net	\$ 9,948,930	\$ 8,578,401	\$ 18,527,331

Debt Administration – Modified Cash Basis

The City has one general obligation bond outstanding and one revenue bond outstanding. These bonds were issued to finance water system improvements. The City has three loans to repay related to water and wastewater system improvements. These obligations amount to \$6,221,826 outstanding as of June 30, 2019.

Component Unit

Included in the financial report is information for the Urban Renewal District. The District began activity during August of 2007. The District operates within a written agreement with the City that clearly defines District activities and establishes District support of the City. The District's compilation report is available at the City of Yachats' City Hall.

Financial information for the component unit of the District is found in the financial statements blended with the City's financial activity. Summary information follows:

COMPONENT UNIT			
	2019		2019
Current Assets	<u>\$297,767</u>	Revenues	<u>\$ 322,029</u>
		Expenses	<u>\$ (2,277)</u>
		Other Financing Sources (Uses)	<u>\$ (226,000)</u>
		Net Change in Fund Balance	<u>\$ 93,752</u>
		Beginning Fund Balance	<u>\$ 204,015</u>
Fund Balance	<u><u>\$297,767</u></u>	Ending Fund Balance	<u><u>\$ 297,767</u></u>

Economic Factors and Next Year's Budget

The City is limited by State constitutional limits on property taxes which limits the ability of the City to increase property tax receipts. The impact of local economic conditions tends to limit increases in other revenues. These factors were considered in the preparation and adoption of the City's 2019-2020 fiscal year budget. The goals of that budget were to maintain the existing level of service to our citizens, continue investment in infrastructure assets, and maintain an appropriate level of resources needed to achieve these goals.

Requests for Information

The financial report is designed to present the user (citizens, taxpayers, investors, and creditors) with a general overview of the City's finances and to demonstrate the City's accountability. Current and previous audit reports are available on the City's document library (<https://yachatsoregon.org/documents>). Questions concerning any of the information provided in this report or requests for additional information should be addressed to the City Manager, City of Yachats, PO Box 345, Yachats, Oregon 97498.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

CITY OF YACHATS
MODIFIED CASH BASIS STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities	Business Type Activities	Total
ASSETS			
Cash and investments	\$ 4,649,984	\$ 342,772	\$ 4,992,755
Capital assets, net	<u>9,948,930</u>	<u>8,578,401</u>	<u>18,527,331</u>
Total assets	<u>14,598,913</u>	<u>8,921,173</u>	<u>23,520,086</u>
LIABILITIES			
Loans Payable			
Due within one year	382,567	-	382,567
Due in more than one year	4,912,694	-	4,912,694
Bonds payable:			
Due within one year	31,000	29,058	60,058
Due in more than one year	<u>439,091</u>	<u>427,416</u>	<u>866,507</u>
Total liabilities	<u>5,765,352</u>	<u>456,474</u>	<u>6,221,826</u>
NET POSITION			
Invested in capital assets	4,183,577	8,121,927	12,305,504
Restricted	2,958,540	58,496	3,017,036
Unrestricted	<u>1,691,444</u>	<u>284,276</u>	<u>1,975,719</u>
Total net position	<u>\$ 8,833,561</u>	<u>\$ 8,464,699</u>	<u>\$ 17,298,260</u>

See notes to the financial statements.

CITY OF YACHATS
MODIFIED CASH BASIS STATEMENT OF ACTIVITIES
JUNE 30, 2019

Functions / Programs	Expenses	Program Revenues	
		Charges for Services	Capital Grants & Contributions
Governmental activities			
General government	\$ 619,524	\$ 42,719	\$ -
Public works	\$ 427,214	\$ 222,386	\$ 48,600
Public Safety	\$ -	\$ -	\$ -
Culture and recreation	\$ -	\$ 45,732	\$ -
Interest expense	\$ 180,990	\$ -	\$ -
Total governmental activities	\$ 1,227,728	\$ 310,837	\$ 48,600
Business-type activities			
Water	\$ 559,368	\$ 747,890	\$ -
Sewer	\$ 621,991	\$ 569,948	\$ 45,817
Total business-type activities	\$ 1,181,359	\$ 1,317,837	\$ 45,817
Total government	\$ 2,409,087	\$ 1,628,674	\$ 94,417
General revenues			
Taxes			
Property taxes, levied for general purposes			
Property taxes, levied for debt service			
Transient room taxes			
Food & beverage taxes			
Franchise and public service tax			
Intergovernmental			
Interest and investment earnings			
Other revenues (Expenses)			
Transfers, net			
 Total general revenues and transfers			
 Change in net position			
 NET POSITION - BEGINNING			
 ENDING NET POSITION			

Net (Expense) Revenue and Changes in Net Position

Governmental Activities	Business-Type Activities	Total
\$ (576,805)	\$ -	\$ (576,805)
\$ (156,228)	\$ -	\$ (156,228)
\$ -	\$ -	\$ -
\$ 45,732	\$ -	\$ 45,732
\$ (180,990)	\$ -	\$ (180,990)
<u>\$ (868,291)</u>	<u>\$ -</u>	<u>\$ (868,291)</u>
\$ -	\$ 188,522	\$ 188,522
\$ -	\$ (6,227)	\$ (6,227)
<u>\$ -</u>	<u>\$ 182,295</u>	<u>\$ 182,295</u>
<u>\$ (868,291)</u>	<u>\$ 182,295</u>	<u>\$ (685,996)</u>
\$ 364,091	\$ -	\$ 364,091
\$ 42,955	\$ -	\$ 42,955
\$ 1,057,913	\$ -	\$ 1,057,913
\$ 416,297	\$ -	\$ 416,297
\$ 86,389	\$ -	\$ 86,389
\$ 538,042	\$ -	\$ 538,042
\$ 99,511	\$ -	\$ 99,511
\$ 19,991	\$ -	\$ 19,991
\$ 293,000	\$ (293,000)	\$ -
<u>\$ 2,918,190</u>	<u>\$ (293,000)</u>	<u>\$ 2,625,190</u>
<u>\$ 2,049,899</u>	<u>\$ (110,705)</u>	<u>\$ 1,939,194</u>
<u>\$ 6,783,663</u>	<u>\$ 8,575,403</u>	<u>\$ 15,359,066</u>
<u>\$ 8,833,561</u>	<u>\$ 8,464,698</u>	<u>\$ 17,298,259</u>

See notes to the financial statements.

FUND FINANCIAL STATEMENTS

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CITY OF YACHATS
MODIFIED CASH BASIS BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

	<u>General Fund</u>	<u>Capital Expenditure Fund</u>	<u>Debt Service Reserve Fund</u>
ASSETS			
Cash and Investments	\$ 829,068	\$ 1,795,695	\$ 768,615
Total Assets	<u><u>829,068</u></u>	<u><u>1,795,695</u></u>	<u><u>768,615</u></u>
 FUND BALANCES			
Restricted			
Debt Services	-	-	768,615
Urban renewal	-	-	-
Streets	-	-	-
Construction, improvements and equipment	-	1,795,695	-
Assigned	-	-	-
Unassigned	829,068	-	-
Total fund Balances	<u><u>\$ 829,068</u></u>	<u><u>\$ 1,795,695</u></u>	<u><u>\$ 768,615</u></u>

South Tank Fund	Urban Renewal District Component Unit	Other Governmental Funds	Total Governmental Funds
<u>\$ 210,354</u>	<u>\$ 297,767</u>	<u>\$ 748,485</u>	<u>\$ 4,649,984</u>
<u>210,354</u>	<u>297,767</u>	<u>748,485</u>	<u>4,649,984</u>
-	-	-	768,615
-	297,767	-	297,767
-	-	96,463	96,463
-	-	-	1,795,695
210,354	-	652,022	862,376
-	-	-	829,068
<u>\$ 210,354</u>	<u>\$ 297,767</u>	<u>\$ 748,485</u>	<u>\$ 4,649,984</u>

See notes to the financial statements.

**CITY OF YACHATS
RECONCILIATION OF GOVERNMENTAL FUNDS BALANCE SHEET TO
STATEMENT OF NET POSITION
JUNE 30, 2019**

TOTAL FUND BALANCES	\$ 4,649,984
 <i>Capital assets, pension liabilities, and deferred outflows are not financial resources or obligations and therefore are not reported in the Governmental funds:</i>	
Cost of capital assets	\$ 9,948,930
 <i>Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:</i>	
Bonds Payable	\$ (470,091)
Loans Payable	\$ (5,295,261)
 TOTAL NET POSITION	 <u>\$ 8,833,561</u>

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CITY OF YACHATS
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
JUNE 30, 2019

	General Fund	Capital Expenditure Reserve Fund	Debt Service Reserve Fund
REVENUES			
Property Taxes	\$ 42,062	\$ -	\$ 42,955
Other Taxes and assessments	1,152,013	457,187	-
Intergovernmental	25,482	15,000	-
Licenses and permits	42,719	-	-
Charges for services	-	-	-
Investment revenue	99,174	-	-
Sale of Inventory	-	-	-
Other Revenue	16,488	-	-
Total Revenues	1,377,938	472,187	42,955
EXPENDITURES			
Current			
General government	439,013	-	-
Public Safety	-	-	-
Public Works	-	-	-
Culture and recreation	-	-	-
Debt Services	-	-	-
Principle	-	-	392,398
Interest	-	-	180,990
Capital outlay	-	335,583	-
Total expenditures	439,013	335,583	573,388
Excess (deficiency) of revenues over (under) expenditure	938,926	136,604	(530,433)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	151,000	732,200	703,000
Operating transfers out	(697,518)	(529,668)	-
Total Other financing sources (uses)	(546,518)	202,532	703,000
Net Change in fund balances	392,408	339,136	172,567
BEGINNING FUND BALANCES	436,660	1,456,559	596,048
ENDING FUND BALANCE	\$ 829,068	\$ 1,795,695	\$ 768,615

South Tank Fund	Urban Renewal District Component Unit	Other Governmental Funds	Total
\$ -	\$ 322,029	\$ -	\$ 407,046
-	-	-	1,609,200
438,601	-	58,959	538,042
-	-	-	42,719
-	-	268,118	268,118
-	-	337	99,511
-	-	3,503	3,503
-	-	-	16,488
438,601	322,029	330,917	2,984,627
-	2,277	178,234	619,524
-	-	-	-
-	-	91,631	91,631
-	-	-	-
-	-	-	-
-	-	-	392,398
-	-	-	180,990
192,805	-	-	528,388
192,805	2,277	269,865	1,812,931
245,796	319,752	61,052	1,171,697
-	-	853,556	2,439,756
-	(226,000)	(693,570)	(2,146,756)
-	(226,000)	159,986	293,000
245,796	93,752	221,038	1,464,697
(35,442)	204,015	527,449	3,185,289
\$ 210,354	\$ 297,767	\$ 748,487	\$ 4,649,986

See notes to the financial statements.

CITY OF YACHATS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND
BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
JUNE 30, 2019

NET CHANGE IN FUND BALANCE	\$	1,464,697
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**Amounts reported for governmental activities in the Statement of
Activities are different because:**

Governmental funds report capital outlay as expenditures. However, for governmental activities, those costs are shown in the Statement of Net Position and allocated over their useful lives as annual depreciation expenses in the Statement of Activities.

\$	192,805
----	---------

Long-term liabilities not payable in the current year are not reported as governmental fund liabilities. Interest on long-term debt is not accrued in the governmental funds, but rather is recognized as an expenditure when due. These liabilities consist of:

Change in long-term debt payable

\$	392,398
----	---------

CHANGE IN NET POSITION

\$	<u>2,049,899</u>
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PROPRIETARY FUNDS

CITY OF YACHATS
MODIFIED CASH BASIS STATEMENT OF NET POSITION
PROPRIETARY FUNDS
AS OF JUNE 30, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary</u>
ASSETS			
Current assets			
Cash and investments	\$ 208,218	\$ 134,554	\$ 342,772
Total current assets	<u>208,218</u>	<u>134,554</u>	<u>342,772</u>
Noncurrent assets			
Capital assets, net	<u>2,472,989</u>	<u>6,105,412</u>	<u>8,578,401</u>
Total noncurrent liabilities	<u>2,472,989</u>	<u>6,105,412</u>	<u>8,578,401</u>
Total assets	<u>2,681,207</u>	<u>6,239,966</u>	<u>8,921,173</u>
LIABILITIES			
Current liabilities			
Revenue bonds payable - current portion	<u>29,058</u>	<u>-</u>	<u>29,058</u>
Total current liabilities	<u>29,058</u>	<u>-</u>	<u>29,058</u>
Noncurrent liabilities			
Revenue bonds payable	<u>427,416</u>	<u>-</u>	<u>427,416</u>
Total noncurrent liabilities	<u>427,416</u>	<u>-</u>	<u>427,416</u>
Total liabilities	<u>456,474</u>	<u>-</u>	<u>456,474</u>
NET POSITION			
Invested in capital assets, net of related debt	2,016,515	6,105,412	8,121,927
Restricted	42,850	15,646	58,496
Unrestricted	<u>165,368</u>	<u>118,908</u>	<u>284,276</u>
Total net position	<u>\$ 2,224,733</u>	<u>\$ 6,239,966</u>	<u>\$ 8,464,699</u>

See notes to the financial statements.

CITY OF YACHATS
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total Proprietary</u>
OPERATING REVENUES			
Charges for services	\$ 747,890	\$ 615,764	\$ 1,363,654
Total operating revenues	<u>747,890</u>	<u>615,764</u>	<u>1,363,654</u>
OPERATING EXPENSES			
Public works			
Personnel services	269,865	287,892	557,757
Materials and services	190,682	167,580	358,262
Depreciation	98,821	166,519	265,340
Total operating expenses	<u>559,368</u>	<u>621,991</u>	<u>1,181,359</u>
Operating income (loss)	188,522	(6,227)	182,295
NON-OPERATING REVENUES (EXPENSES)			
Investment revenue	-	-	-
Operating transfers in	-	-	-
Operating transfers out	(148,000)	(145,000)	(293,000)
Total non-operating revenues (expenses)	<u>(148,000)</u>	<u>(145,000)</u>	<u>(293,000)</u>
Change in net position	40,522	(151,227)	(110,705)
BEGINNING NET POSITION	<u>2,184,211</u>	<u>6,391,192</u>	<u>8,575,403</u>
ENDING NET POSITION	<u>\$ 2,224,733</u>	<u>\$ 6,239,965</u>	<u>\$ 8,464,698</u>

See notes to the financial statements.

CITY OF YACHATS
MODIFIED CASH BASIS STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	<u>Water Fund</u>	<u>Sewer Fund</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 747,890	\$ 615,764	\$ 1,363,654
Cash payments for goods and services	(190,682)	(167,580)	(358,262)
Cash payments to employees	(269,865)	(287,892)	(557,757)
Net cash provided by (used by) operating activities	<u>287,343</u>	<u>160,293</u>	<u>447,636</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Operating transfers in	-	-	-
Operating transfers (out)	(148,000)	(145,000)	(293,000)
Net cash provided by (used by) noncapital financing activities	<u>(148,000)</u>	<u>(145,000)</u>	<u>(293,000)</u>
Increase (decrease) in cash and investments	139,343	15,293	154,636
CASH AND INVESTMENTS, BEGINNING OF YEAR	<u>68,875</u>	<u>119,261</u>	<u>188,136</u>
CASH AND INVESTMENTS, END OF YEAR	<u>208,218</u>	<u>134,554</u>	<u>342,772</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating Income (loss)	<u>188,522</u>	<u>(6,227)</u>	<u>182,295</u>
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities			
Depreciation	98,821	166,519	265,340
Total adjustments	<u>98,821</u>	<u>166,519</u>	<u>265,340</u>
Net cash provided by operating activities	<u>\$ 287,343</u>	<u>\$ 160,293</u>	<u>\$ 447,636</u>

See notes to the financial statements.

NOTES TO THE BASIC FINANCIAL STATEMENTS

Notes to the basic financial statement consist of a summary of significant accounting policies and all additional information necessary for a fair presentation of the basic financial statements in conformity with accounting principles generally accepted in the United States of America.

**CITY OF YACHATS
LINCOLN COUNTY, OREGON
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity and Nature of Operations

The City of Yachats (City) was organized under the general laws of the State of Oregon. Control of the City is vested in its Mayor and Council Members who are elected to office by voters within the City. Administrative functions are delegated to individuals who report to and are responsible to the Mayor and Council. The chief administrative officer is the City Manager.

The accompanying financial statements present all activities, funds, and the component unit for which the City is financially accountable. The criteria used in making this determination includes appointment of a voting majority, imposition of will, financial benefit or burden on the primary government, and fiscal dependency on the primary government.

The City Council serves as the governing board of the Yachats Urban Renewal District. Therefore, the accounts of the district are included in the financial statements of the City.

Complete financial statements for the Yachats Urban Renewal District may be obtained from the City's finance department.

B. Government-Wide and Fund Financial Statements

The City's financial statements include both government-wide (reporting the City as a whole) and fund financial statements.

Government-Wide Financial Statements - The statement of net position and the statement of activities display information about all the City's non-fiduciary activities as a whole within the limitations of the modified cash basis of accounting. These statements distinguish between activities that are governmental and those that are considered businesslike. Governmental activities generally are financed through taxes, intergovernmental revenues and other non-exchange revenues. The primary effects of internal activity have been eliminated from the government-wide financial statements.

C. Fund Accounting

The accounts of the City are organized on the basis of funds. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise the fund's assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Government resources are allocated to and accounted for in individual funds based upon the purposes for which they are to be spent and the means by which spending activities are controlled.

Fund financial statements report detailed information about the City. The focus of governmental and enterprise fund financial statements is on major funds rather than reporting funds by type.

Each major fund is presented in a separate column. Non-major funds are aggregated and presented in a single column. The major funds used in these financial statements by the City are as follows:

Governmental Funds

All governmental funds are accounted for using the modified cash basis of accounting and the current financial resources measurement focus. Revenues are recognized when cash is received, and expenditures are recorded when paid.

Proprietary Funds

All proprietary funds are also accounted for using the modified cash basis of accounting and they include fixed assets and debt. These funds account for operations that are primarily financed by user charges.

Funds

The City reports the following *major governmental funds*:

- **General Fund** - This fund accounts for all revenues and expenditures except for those required to be accounted for in another fund. The principal revenue sources are transient room taxes and property taxes.
- **Capital Expenditure Reserve Fund**- This fund is a capital expenditure fund that accounts for resources to be used for purchase of capital assets to be used by either governmental or proprietary funds. Also, transfers out are utilized to service existing sewer debt. The primary revenue sources for this fund are food and beverage taxes, special assessment program revenue, earnings on investments, intergovernmental grants, and transfers from other funds.
- **Debt Service Reserve Fund**- This is a debt service fund which accounts for money held in reserve for debt service as required by various loan covenants.
- **South Tank Fund**- This is a special revenue fund that is supported through state sources.
- **Urban Renewal District** - This fund is a blended component unit of the City that receives property taxes to pay for projects and programs to improve the Urban Renewal District.

The City reports the following non-major governmental funds:

- **System Development Charges Fund**- This is a special revenue fund which accounts for acquisition and construction of improvements and expansion of infrastructure assets.
- **Street Fund** - This fund accounts for state highway gas tax revenues, utilized for maintenance, repair, improvements, and construction of City streets.

- **Storm Drain Systems Fund-** This is a special revenue fund which is primarily funded by transfers in from other funds for the purpose of public works obligation.
- **Visitor Amenities Fund-** This fund is a Special Revenue Fund that is supported primarily by transfers in to be utilized for enhancements, facilitations, and continued improvements to the City's tourism programs and revenue sources.
- **Highway 101 Fund-** This fund is a special revenue fund funded primarily by transfers in and an ODOT grant to be utilized for improvements to, and adjacent to, State Highway 101 within the City.
- **City Amenities Fund-** This is a special revenue fund which accounts for the various amenities provided by the City. This includes the library and parks and commons which accounts for resources primarily derived from transfers in to be utilized to enhance, facilitate, and improve recreational areas within the City.

The City reports the following Major Proprietary Funds:

- **Water Operating Fund-** This fund accounts for activities of the Water Department.
- **Sewer Operating Fund-** This fund accounts for activities of the Sewer Department.

The City does not report any non-major proprietary funds.

D. Budgets

A budget is prepared and legally adopted for each governmental fund type in accordance with legal requirements set forth in the Oregon Local Budget Law. The resolutions authorizing appropriations for each fund sets the maximum legal level of expenditure. Appropriations are adopted in the categories of personnel services, materials and services, capital outlay, debt service, interfund transfers, and contingencies by fund. Appropriations lapse at year end.

Unexpected additional revenues may be added to the budget through the adoption of a supplemental budget. A supplemental budget requires hearings before the public, publications in newspapers, and approval by the City Council. Original and supplemental budgets may be modified by the use of appropriation transfers between the levels of control. Such transfers require approval by the City Council. Budget amounts shown in the financial statements include the original budget amounts plus any approved appropriation transfers and supplemental budgets. All funds are budgeted using the cash basis of accounting.

The budget comparison schedules prepared for individual accounts are presented on the cash basis method of accounting. Under this method revenue is recorded when received and disbursements are recorded when obligations are paid. The cash basis method of accounting is not consistent with generally accepted accounting principles (GAAP) but is in compliance with Oregon Local Budget Law.

The City does not expect next year's operating budget to be substantially different from the current 2018-2019 budget.

Oregon Local Budget Law establishes standard procedures relating to the preparation, adoption, and execution of the annual budget. The budgetary fiscal period coincides with the annual reporting period (July 1 through June 30). Appropriated budgets are adopted by the executive body and, accordingly, used as a management control device for all funds. The City follows these procedures in establishing the budgetary data reflected in the budgetary comparison schedules:

1. The budget officer submits to the budget committee a proposed operating budget for the fiscal year commencing the following July 1. The operating budget included proposed expenses and the means of financing them, along with estimates for the current year, and actual data for the two preceding years. The budget is prepared by fund, function, and activity, and includes information on the past year, current year estimates, and requested appropriations for the next fiscal year. The resolution authorizing appropriations for each fund sets the level by which disbursements cannot legally exceed appropriations. The City has appropriated by personnel services, materials and services, capital outlay, special payments, debt service, transfers, and operating contingency.

The original budget document contains more specific, detailed information for these disbursement categories.

2. The Budget Committee submits to the City Council an approved operating budget for the ensuing fiscal year.
3. Public hearings are conducted to obtain taxpayer and other interested parties' comments.
4. Prior to July 1, the budget is legally adopted, and expenditures are appropriated through the passage of a resolution. The City Council does have the authority to make certain limited changes in the budget figures approved by the Budget Committee when it adopts the budget.
5. Any revisions of appropriations, whether within a fund or between funds, require Board approval in the form of a resolution or ordinance by the Board. Supplemental budgets are prepared and adopted in the same manner as the regular budget in order to have the budget authority to make disbursements from unanticipated receipts. The presented budgetary information has been amended by resolutions and supplemental budget.
6. Budgets are adopted for each fund on the cash basis in compliance with Oregon Local Budget Law, under which revenues and related assets are recognized when received rather than when earned, and expenses are recognized when paid, rather than when the obligation is incurred, which is not intended to be in accordance with generally accepted accounting principles.
7. Formal budget integration is employed for all the funds. All annual appropriations lapse at fiscal year-end.

We reviewed the preparation, adoption, and execution of the budget for the current year and the preparation and adoption of the ensuing year's budget.

Based on the results of our tests, the City has complied with statutory requirements for the current and ensuing year's budgets.

The resolution authorizing appropriations for each fund sets the level by which expenditures cannot legally exceed appropriations.

E. Cash and Investments

Investments, included in cash and investments, are carried at cost which approximates fair value. For purposes of the statement of cash flows, the proprietary funds consider cash and cash equivalents to include the cash and investment common pool. These amounts have the general characteristics of demand deposit accounts in that all funds may deposit additional cash at any time and also effectively may withdraw cash at any time without prior notice or penalty.

State statutes authorize the City to invest in banker's acceptances, time certificates of deposit, repurchase agreements, obligations of the U. S. Treasury and its agencies, the Oregon State Treasury's Local Government Investment Pool (LGIP), and demand deposits. The City's investments are entirely with the LGIP. The LGIP is stated at cost, which approximates fair value. Fair value of the LGIP is the same as the City's value in the pool shares.

The Oregon State Treasury administers the LGIP. It is an open-ended no-load diversified portfolio offered to any agency, political subdivision or public corporation of the State that by law is made the custodian of, or has control of, any fund. The LGIP is commingled with the State's short-term funds. In seeking to best serve local governments of Oregon, the Oregon legislature established the Oregon Short-Term Fund Board. The purpose of the Board is to advise the Oregon State Treasury in the management and investment options of the LGIP.

F. Capital Assets

Capital assets are recorded at original or estimated original historical cost. Donated capital assets are recorded at their estimated fair market value at the time received. The City defines capital assets as assets with an initial cost of at least \$5,000 and an estimated initial useful life extending beyond a single reporting period. Interest incurred during construction is not capitalized. Maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Capital assets used in the proprietary funds are depreciated using the straight-line method over the following useful lives:

Vehicles, furniture, and equipment	10 years
Buildings	20 years
Water plant and systems	30 years
Sewer plant and systems	50 years

Upon disposal of such assets, the accounts are relieved of the related costs and accumulated depreciation and resulting gains or losses are reflected in income.

Capital assets used by governmental activities are not supported by a detailed capital asset depreciation schedule and no depreciation has been recorded on these assets (NOTE 4). While the

City does not depreciate general governmental capital assets, they set aside financial reserves for City major capital improvements and replacements to ensure fiscal responsibility such as reflected in the Capital Expenditure Reserve Fund's \$1,795,695 cash balance at June 30, 2019. In lieu of governmental capital asset depreciation, the City is intending to ensure there are sufficient resources to replace or repair the asset at the end of its useful life.

Since the depreciated value is based on historical cost at acquisition, ultimate replacement or repair costs could end up costing considerably more than the resources set aside attempting to fund assets' depreciation of value.

The City of Yachats uses an approach based on estimated replacement costs. The replacement cost is periodically revised to reflect the effect of inflation. The City's approach to adequately eventually accumulate funds to replace capital assets at current fair value costs, rather than historical acquisition amounts, is conceptually more so reflective of actual future obligations the City is likely to incur when it is necessary to replace the respective capital assets. Along with this process and approach, the City maintains a Finance Committee with the objective of continually monitoring long-term financing needs of the City, identifying potential financial problems, and preparing recommendations in order for the City Council to address and appropriately act on them.

G. Long-term Debt

In the government-wide financial statements long-term debt is reported as a liability in the Statement of Net Position.

H. Net Position

Net position comprises the various net earnings from operations, non-operating revenues, expenses and contributions of capital. Net position is classified in the following categories:

- 1. Invested In capital assets** - Consists of net assets that are invested in buildings, equipment, and other capital assets of the City.
- 2. Restricted** - Consists of external constraints placed on net position use by creditors, grantors, contributors, laws or regulations of other governments, constraints imposed by law through constitutional provisions, or enabling legislation.
- 3. Unrestricted net position** - Consists of all other net assets that are not included in the other categories previously mentioned.

I. Fund Equity

In March 2009, the GASB issued Statement No. 54, Fund Balance Reporting and Governmental Fund-type Definitions. The objective of this statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund-type definitions. This statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed on the use of the resources reported in governmental funds.

Under this standard, the fund balance classifications of reserved, designated, and unreserved/undesignated were replaced with five new classifications – non-spendable, restricted, committed, assigned, and unassigned.

- Non-spendable fund balance represents amounts that are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation). Also, these are amounts that can be spent only for specific purposes because of the City Charter, City Code, state or federal laws, or externally imposed conditions by granters or creditors.
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

The details of the fund balances are included in the Balance Sheet of Governmental Funds. Restricted funds are used first as appropriate. Assigned Funds are reduced to the extent that expenditure authority has been budgeted by Council or the Assignment has been changed by an authorized City official. Decreases to fund balance first reduce Unassigned Fund balance; in the event that Unassigned becomes zero, then Assigned and Committed Fund Balances are used in that order, as applicable.

J. Interfund Transactions

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. This includes interfund transfers occurring within governmental activities and interfund receivables and payables.

NOTE 2- CASH AND CASH EQUIVALENTS-**Cash and investments at June 30, 2019 consisted of the following:**

Petty Cash	\$ 100
Cash in checking accounts (book balances)	672,920
Cash in Local Government Investment Pool	4,319,735

Cash and investments are reported on the combined balance sheet as follows:

Total Cash and investments	<u>4,992,755</u>
-----------------------------------	-------------------------

Cash and investments by funds at June 30, 2019:**Major Governmental Funds**

General Fund	829,068
Capital Expenditure Fund	1,795,695
Debt Service Reserve	768,615
South Tank	210,354
Urban Renewal City (component unit)	297,767
<i>Total Major Governmental Funds</i>	<u>3,901,499</u>

Nonmajor Governmental Funds

City Amenities	29,928
System Development Charges	413,285
Storm Drains	110,146
Street Fund	93,513
Highway 101	2,951
Visitor Amenities	98,664
<i>Total Nonmajor Governmental Funds</i>	<u>748,487</u>

Total Governmental Funds**4,649,986****Proprietary Funds**

Water Fund	208,218
Sewer Fund	134,554
Total Proprietary Funds	<u>342,772</u>
Total	<u>\$ 4,992,755</u>

Note 3 - DEPOSITS AND INVESTMENTS

A. Deposits

Deposits with financial Institutions

The Governmental Accounting Standards Board has adopted accounting principles generally accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2019. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk (below) that exists.

Deposits with financial institutions are comprised of bank demand deposits. For the fiscal year ended June 30, 2019, the carrying amounts of the City deposits in various financial institutions were \$672,920. All deposits are held in the name of the City. At June 30, 2019, the City's deposits were covered by federal depository insurance and certifications of participation.

All deposits are held in the name of the City. At June 30, 2019 the City's deposits were covered by federal depository insurance and certifications of participation.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

B. Investments

The City has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2018-2019. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits,

adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the City's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

Credit Risk. State Statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

NOTE 4 - CAPITAL ASSETS

Capital asset activity for governmental activities of the City for the year ended June 30, 2019 was as follows:

Description	Beginning Balance	Additions	Deletions	Ending Balance
GOVERNMENTAL ACTIVITY CAPITAL ASSETS				
Land and improvements	\$ 3,346,444	\$ 192,805	\$ -	\$ 3,539,249.01
Building and improvements	1,974,264	-	-	1,974,264
Streets/HWY 101 Improvement	3,457,651	-	-	3,457,651
Vehicles and Equipment	631,396	-	-	631,396
Software	93,222	-	-	93,222
Books and Periodicals	253,148	-	-	253,148
Total Governmental Capital Assets	9,756,125	192,805	-	9,948,930
BUSINESS TYPE ACTIVITY CAPITAL ASSETS				
Capital assets not depreciated				
Land	113,035	-	-	113,035
Capital assets being depreciated				
Building and improvements	232,597	-	-	232,597
Vehicles and equipment	459,059	-	-	459,059
Water plant and system	3,728,768	-	-	3,728,768
Water reservoir	399,205	-	-	399,205
Wastewater treatment plant/system	7,478,387	-	-	7,478,387
Total capital assets being depreciated	12,298,016	-	-	12,298,016
Less accumulated depreciation				
Buildings and improvements	60,725	9,947	-	70,671
Vehicles and equipment	300,534	18,780	-	319,313
Water plant and system	1,684,463	77,711	-	1,762,174
Water reservoir	182,086	7,984	-	190,070
Wastewater treatment plant/system	1,339,502	150,919	-	1,490,421
Total Accumulated Depreciation	3,567,310	265,340		3,832,650
Total Business-Type Capital Assets, Net	8,843,741	(265,340)	-	8,578,401
Total Net Capital Assets	\$ 18,599,866	\$ (72,535)	\$ -	\$ 18,527,331

Acquisitions of capital assets during 2018-2019 totaled \$192,805 in governmental activities.

As discussed in NOTE 1, the City does not maintain a detailed capital asset depreciation schedule for the governmental activities. Therefore, no depreciation has been charged to governmental activities. Depreciation expense in the amount of \$265,340 was charged to the business-type activities for the fiscal year.

NOTE 5 - LONG-TERM DEBT

In the following table, long-term debt information is presented separately with respect to governmental and business type activities. The table presents current year changes in those obligations and the current portion due for each.

	Issue Amount	Maturity Date	Interest Rate	Beginning Balance 6/30/2018	Issued	Refinanced	Reductions	Ending Balance 6/30/2019	Due in One Year
Governmental Activities									
General Obligations Bonds									
3/17/2017 Water Refunding Bond	\$ 533,000	2031	3.00%	\$ 504,000	\$ -	\$ -	\$ 30,000	\$ 470,091	\$ 31,000
Loans									
6/17/05 DEQ	6,671,721	2029	2.90%	4,215,625	-	-	330,485	3,885,140	340,139
5/27/09 IFA Loans	519,343	2033	3.0-4.75%	397,358	-	-	17,237	380,121	17,926
3/9/16 Safe Drinking Water Fund	1,030,000	2048	1.00%	1,030,000	-	-	-	1,030,000	24,502
Total Governmental activities				6,146,983	-	-	377,722	5,765,352	413,567
Business-type activities									
Revenue Bonds									
3/17/2017 Water Revenue Refunding Bond	\$ 512,000	2032	3.07%	484,660	-	-	28,186	456,474	29,058
Total Business-type activities				\$ 484,660	\$ -	\$ -	\$ 28,186	\$ 456,474	\$ 29,058

General obligation bonds are direct obligations and pledge the full faith and credit of the City. The City issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities.

Revenue bonds are obligations that will be paid from revenue generated by the respective water or sewer business type activities of the City.

Annual debt service requirements to maturity are as follows:

Year Ending June 30,	General Obligation		Revenue Bonds		Loans	
	Principal	Interest	Principal	Interest	Principal	Fees
2020	\$ 31,000	\$ 13,755	\$ 29,058	\$ 13,792	\$ 382,567	\$ 163,197
2021	31,000	12,825	29,957	12,893	398,752	145,287
2022	32,000	11,880	30,884	11,967	410,030	132,232
2023	33,000	10,905	31,839	11,011	421,835	118,601
2024	34,000	9,900	32,824	10,026	433,999	104,556
2025-2029	187,000	33,225	179,994	34,258	2,365,838	296,719
2030-2034	126,000	5,730	121,918	6,633	326,373	57,742
2035-2039	-	-	-	-	175,057	24,495
2040-2044	-	-	-	-	183,987	15,566
Thereafter	-	-	-	-	200,190	6,181
Total	\$ 474,000	\$ 98,220	\$ 456,474	\$ 100,581	\$ 5,298,628	\$ 1,064,576

NOTE 6 - INTERFUND TRANSFERS

Interfund transfers for the year ended June 30, 2019 were as follows:

	<u>Transfers In</u>	<u>Transfers Out</u>
Major Governmental Funds		
General Fund	\$ 151,000	\$ 697,518
Capital Expenditure Fund	732,200	529,668
Debt Service Reserve	703,000	-
South Tank	-	-
Urban Renewal City (component unit)	-	226,000
<i>Total Major Governmental Funds</i>	<u>1,586,200</u>	<u>1,453,186</u>
Nonmajor Governmental Funds		
City Amenities	201,800	43,700
System Development Charges	164,668	210,000
Storm Drains	37,000	-
Street Fund	35,000	4,000
Highway 101	-	-
Visitor Amenities	415,088	435,870
<i>Total Nonmajor Governmental Funds</i>	<u>853,556</u>	<u>693,570</u>
Total Governmental Funds	<u>2,439,756</u>	<u>2,146,756</u>
Proprietary Funds		
Water Fund		148,000
Sewer Fund		145,000
Total Proprietary Funds	<u>-</u>	<u>293,000</u>
Total	<u>\$ 2,439,756</u>	<u>\$ 2,439,756</u>

Transfers are routinely made for the following purposes:

- To move revenues from the fund in which statute or budget requires them to be collected to the fund from which statute or budget requires them to be expended;
- To move receipts restricted to debt service from the funds collecting the receipts to the debt service fund as debt service payments become due;
- To move unrestricted revenues collected in the General Fund to finance various programs and activities accounted for in other funds in accordance with budgetary authorizations;
- To move revenues collected from restricted sources to other funds to pay for direct expenses
- To move monies to start a new fund.

During fiscal year 2019 all transfers reported above were made for one of these purposes.

NOTE 7 - RISK MANAGEMENT AND CONCENTRATIONS

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City carries commercial insurance to defray these and other risks of loss including excess liability, workers' compensation, boiler and machinery, public official bond and employee dishonesty and contractor's license bond coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

The City's transient room and food and beverage tax revenues are the largest sources of income for both the General Fund and Capital Expenditures Reserve Fund.

The City has experienced continued increases in Transient Rental Tax from licensed vacation rental properties, along with increased taxable revenue generated by the 8 hotel/motel businesses subject to the Transient Rental Tax. The transient rental tax revenue, net of the amount required to be attributed to visitor amenities by Oregon Budget Law, provides more than 75% of the City's General Fund.

NOTE 8 - COMMITMENTS AND CONTINGENCIES

On March 8, 2005 voters in the City approved a bond measure. This measure authorizes the City of issue up to \$5.9 million to construct, expand and improve the City's sewer system. As of the audit report date, the City has not issued these bonds.

Bonds issued by a city for water; sanitary or storm sewers; sewage disposal plants; hospitals; infirmaries; gas, power, or lighting purposes; the acquisition, establishment, construction, or reconstruction of any off-street motor vehicle parking facility; or bonds issued pursuant to applications to pay assessments for improvements in installments under statutory or city charter authority are not subject to the debt limitation imposed by Oregon Revised Statutes 287.004.

The City researched past System Development Charges (SDC's) apportionments and interfund transfers and/or loans to ensure viability and compliance with all applicable requirements, including State Revised Statutes. The City determined that LID Improvements funded from SDC's were to be returned to the SDC fund as collected from LID assessments.

NOTE 9- SUBSEQUENT EVENTS

Professional standards require evaluation and disclosure of significant events affecting the City that take place subsequent to the current fiscal year ended June 30, 2019. For the audit period ending June 30, 2019, no subsequent events were identified for disclosure.

NOTE 10 – CHANGE IN ACCOUNTING PRINCIPLE

In fiscal year 2019, the City temporarily changed to the modified cash basis system of accounting due to several significant changes during the past few years, which include changes in accounting personnel, fund structure, and accounting software systems. The City plans to return to reporting in accordance with Generally Accepted Accounting Principles (GAAP) in fiscal year 2020.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	with Final
REVENUES				
Property taxes	\$ 51,000	\$ 51,000	\$ 42,062	\$ (8,938)
Other taxes	1,040,200	1,040,200	1,152,013	111,813
Intergovernmental	21,000	21,000	25,482	4,482
Licenses and permits	51,000	51,000	42,719	(8,281)
Investment revenue	-	-	99,174	99,174
Other local revenue	3,000	3,000	16,488	13,488
State revenue	-	-	-	-
Miscellaneous	-	-	-	-
Total revenues	1,166,200	1,166,200	1,377,938	211,738
EXPENDITURES				
General government				
Personnel services	133,200	133,200	116,492	(16,708)
Materials and services	453,000	453,000	322,521	(130,479)
Capital expenditures	-	-	-	-
Total general government	586,200	586,200	439,013	(147,187)
Contingency	18,000	18,000	-	(18,000)
Total expenditures	604,200	604,200	439,013	(165,187)
Excess (deficiency) of revenues over (under) expenditures	562,000	562,000	938,926	376,926
OTHER FINANCING SOURCES (USES)				
Operating transfers in	138,000	151,000	151,000	-
Operating transfers out	(649,430)	(651,430)	(697,518)	(46,088)
Total other financing sources (uses)	(511,430)	(500,430)	(546,518)	(46,088)
Net change in fund balance	50,570	61,570	392,408	330,838
BEGINNING FUND BALANCE	400,000	400,000	436,660	36,660
ENDING FUND BALANCE	\$ 450,570	\$ 461,570	\$ 829,068	\$ 367,498

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
SOUTH TANK FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 138,500	\$ 138,500	\$ 438,601	\$ 300,101
Investment Revenue	-	-	-	-
Total revenues	<u>138,500</u>	<u>138,500</u>	<u>438,601</u>	<u>300,101</u>
				-
EXPENDITURES				-
Personnel Services	-	-	10,506	-
Capital Outlay	338,500	338,500	182,299	(156,201)
Contingency	-	-	-	-
Total expenditures	<u>338,500</u>	<u>338,500</u>	<u>192,805</u>	<u>(145,695)</u>
				-
Excess (deficiency) of revenues over (under) expenditures	(200,000)	(200,000)	245,796	445,796
				-
OTHER FINANCING SOURCES (USES)				-
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
				-
Net change in fund balance	(200,000)	(200,000)	245,796	445,796
				-
BEGINNING FUND BALANCE	<u>200,000</u>	<u>200,000</u>	<u>(35,442)</u>	<u>(235,442)</u>
				-
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 210,354</u>	<u>\$ 210,354</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
BLENDED COMPONENT UNIT- URBAN RENEWAL DISTRICT
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		
REVENUES				
Property taxes	\$ 271,000	\$ 271,000	\$ 322,029	\$ 51,029
Other local sources	-	-	-	-
Investment revenue	-	-	-	-
Total revenues	<u>271,000</u>	<u>271,000</u>	<u>322,029</u>	<u>51,029</u>
EXPENDITURES				
General government				
Personnel services	-	-	-	-
Materials and services	16,000	3,000	2,277	(723)
Reserved for future expenditures	<u>100,000</u>	<u>100,000</u>	<u>-</u>	<u>(100,000)</u>
Total expenditures	<u>116,000</u>	<u>103,000</u>	<u>2,277</u>	<u>(100,723)</u>
Excess (deficiency) of revenues over (under) expenditures	155,000	168,000	319,752	151,752
OTHER FINANCING SOURCES (USES)				
Operating transfers out	<u>(213,000)</u>	<u>(226,000)</u>	<u>(226,000)</u>	<u>-</u>
Net change in fund balance	(58,000)	(58,000)	93,752	151,752
BEGINNING FUND BALANCE	<u>185,000</u>	<u>185,000</u>	<u>204,015</u>	<u>19,015</u>
ENDING FUND BALANCE	<u>\$ 127,000</u>	<u>\$ 127,000</u>	<u>\$ 297,767</u>	<u>\$ 170,767</u>

See notes to the financial statements.

SUPPLEMENTARY INFORMATION

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS COMBINING BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Combined Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
Assets		
Cash and investments	\$ 748,485	\$ 748,485
Total assets	<u>748,485</u>	<u>748,485</u>
Fund Balances		
Assigned	<u>652,022</u>	<u>652,022</u>
Total fund balances	<u>\$ 652,022</u>	<u>\$ 652,022</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	<u>Visitor Amenities</u>	<u>System Development Charges</u>	<u>City Amenities</u>
Assets			
Cash and investments	\$ 98,664	\$ 413,285	\$ 29,927
Total assets	<u>98,664</u>	<u>413,285</u>	<u>29,927</u>
Fund Balances			
Restricted for Streets	-	-	-
Assigned	<u>98,664</u>	<u>413,285</u>	<u>29,927</u>
Total fund balances	<u>\$ 98,664</u>	<u>\$ 413,285</u>	<u>\$ 29,927</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS COMBINING BALANCE SHEET
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	<u>Streets</u>	<u>Storm Drain</u>	<u>Highway 101</u>	<u>Total</u>
Assets				
Cash and investments	<u>\$ 93,512</u>	<u>\$ 110,146</u>	<u>\$ 2,951</u>	<u>\$ 748,485</u>
Total assets	<u>93,512</u>	<u>110,146</u>	<u>2,951</u>	<u>748,485</u>
Fund Balances				
Restricted for Streets	93,512	-	2,951	96,463
Assigned	<u>-</u>	<u>110,146</u>	<u>-</u>	<u>652,022</u>
Total fund balances	<u>\$ 93,512</u>	<u>\$ 110,146</u>	<u>\$ 2,951</u>	<u>\$ 748,485</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
NON-MAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

	Combined Nonmajor Special Revenue Funds	Total Nonmajor Governmental Funds
REVENUES		
Intergovernmental	\$ 58,959	\$ 58,959
Charges for services	268,118	268,118
Investment revenue	337	337
Sale of Inventory	3,503	3,503
Total revenues	330,917	330,917
EXPENDITURES		
Current		
General government	178,234	178,234
Public works	91,631	91,631
Culture and recreation	-	-
Debt service	-	-
Principal	-	-
Interest and fees	-	-
Capital outlay	-	-
Total expenditures	269,865	269,865
Excess (deficiency) of revenues over (under) expenditures	61,052	61,052
OTHER FINANCING SOURCES (USES)		
Operating transfers in	853,556	853,556
Operating transfers (out)	(685,570)	(685,570)
Total other financing sources (uses)	167,986	167,986
Net change in fund balances	229,038	229,038
BEGINNING FUND BALANCE	527,449	527,449
ENDING FUND BALANCE	\$ 756,487	\$ 756,487

See notes to the financial statements.

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CITY OF YACHATS, OREGON
MODIFIED CASH BASIS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Visitor Amenities	System Development Charges	City Amenities
REVENUES			
Intergovernmental	\$ -	\$ -	\$ 1,000
Charges for services	-	222,386	45,732
Investment revenue	-	-	337
Sale of Inventory	-	-	3,503
Total revenues	<u>-</u>	<u>222,386</u>	<u>50,572</u>
EXPENDITURES			
Current			
General government	-	-	178,234
Public works	-	-	-
Culture and recreation	-	-	-
Debt service			
Principal	-	-	-
Interest and fees	-	-	-
Capital outlay	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>178,234</u>
Excess (deficiency) of revenues over (under) expenditures	-	222,386	(127,662)
OTHER FINANCING SOURCES (USES)			
Operating transfers in	415,088	164,668	201,800
Operating transfers (out)	<u>(435,870)</u>	<u>(210,000)</u>	<u>(43,700)</u>
Total other financing sources (uses)	<u>(20,782)</u>	<u>(45,332)</u>	<u>158,100</u>
Net change in fund balances	(20,782)	177,054	30,438
BEGINNING FUND BALANCE	119,446	236,231	(510)
ENDING FUND BALANCE	<u>\$ 98,664</u>	<u>\$ 413,285</u>	<u>\$ 29,928</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE
NON-MAJOR SPECIAL REVENUE FUNDS
JUNE 30, 2019

	Streets	Storm Drain	Highway 101	Total
REVENUES				
Intergovernmental	\$ 57,959	\$ -	\$ -	\$ 58,959
Charges for services	-	-	-	268,118
Investment revenue	-	-	-	337
Sale of Inventory	-	-	-	3,503
Total revenues	<u>57,959</u>	<u>-</u>	<u>-</u>	<u>330,917</u>
EXPENDITURES				
Current				
General government	-	-		178,234
Public works	73,317	18,315	-	91,631
Culture and recreation	-	-	-	-
Debt service				-
Principal	-	-	-	-
Interest and fees	-	-	-	-
Capital outlay	-	-	-	-
Total expenditures	<u>73,317</u>	<u>18,315</u>	<u>-</u>	<u>269,865</u>
Excess (deficiency) of revenues over (under) expenditures	(15,357)	(18,315)	-	61,052
OTHER FINANCING SOURCES (USES)				
Operating transfers in	35,000	37,000	-	853,556
Operating transfers (out)	4,000	-	-	(685,570)
Total other financing sources (uses)	<u>39,000</u>	<u>37,000</u>	<u>-</u>	<u>167,986</u>
Net change in fund balances	23,643	18,685	-	229,038
BEGINNING FUND BALANCE	77,870	91,461	2,951	527,449
ENDING FUND BALANCE	<u>\$ 101,513</u>	<u>\$ 110,146</u>	<u>\$ 2,951</u>	<u>\$ 756,487</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
VISITOR AMENITIES FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Charges for Services	\$ -	\$ -	\$ -	\$ -
Investment Revenue	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
Culture and Recreation	-	-	-	-
Reserved for future expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other Financing Sources (uses)				
Operating transfers in	369,000	415,088	415,088	-
Operating transfers out	(435,870)	(435,870)	(435,870)	-
Net change in fund balance	(66,870)	(20,782)	(20,782)	-
Beginning fund balance	118,000	118,000	119,446	1,446
Ending fund balance	<u>\$ 51,130</u>	<u>\$ 97,218</u>	<u>\$ 98,664</u>	<u>\$ 1,446</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
SYSTEM DEVELOPMENT CHARGES FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Charges for Services	\$ 71,000	\$ 71,000	\$ 222,386	\$ 151,386
Investment revenue	-	-	-	-
				-
Total revenues	71,000	71,000	222,386	151,386
EXPENDITURES				
Current				
Public works	-	-	-	-
Culture and recreation	-	-	-	-
Debt service				-
Principal	-	-	-	-
Interest and fees	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	-	-
				-
Excess (deficiency) of revenues over (under) expenditures	71,000	71,000	222,386	151,386
OTHER FINANCING SOURCES (USES)				
Operating transfers in	164,668	164,668	164,668	-
Operating transfers out	(190,000)	(210,000)	(210,000)	-
Total other financing sources (uses)	(25,332)	(45,332)	(45,332)	-
Net change in fund balance	45,668	25,668	177,054	151,386
BEGINNING FUND BALANCE	185,000	185,000	236,231	51,231
ENDING FUND BALANCE	<u>\$ 230,668</u>	<u>\$ 210,668</u>	<u>\$ 413,285</u>	<u>\$ 202,617</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
CITY AMENITIES FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Intergovernmental	\$ 1,000	\$ 1,000	\$ 1,000	\$ -
Charges for Services	42,300	42,300	45,732	3,432
Sale of Inventory	-	-	337	337
Other Revenue	3,000	3,000	3,503	503
Total revenues	46,300	46,300	50,572	4,272
EXPENDITURES				
General government				
Personnel services	50,500	50,500	45,538	(4,962)
Materials and services	152,400	152,400	132,696	(19,704)
Contingencies	10,000	10,000	-	(10,000)
Capital expenditures	-	-	-	-
Total expenditures	212,900	212,900	178,234	178,234
Excess (deficiency) of revenues over (under) expenditures	(166,600)	(166,600)	(127,662)	38,938
OTHER FINANCING SOURCES (USES)				
Operating transfers in	201,800	201,800	201,800	-
Operating transfers out	(35,200)	(43,700)	(43,700)	-
Total other financing sources (uses)	166,600	158,100	158,100	-
Net change in fund balance	-	(8,500)	30,438	38,938
BEGINNING FUND BALANCE	5,000	5,000	(510)	(5,510)
ENDING FUND BALANCE	\$ 5,000	\$ (3,500)	\$ 29,928	\$ 33,428

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
STREET FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with Final
	Original	Final		
REVENUES				
Intergovernmental	\$ 44,000	\$ 44,000	\$ 57,959	\$ 13,959
Other revenue	-	-	-	-
Total revenues	<u>44,000</u>	<u>44,000</u>	<u>57,959</u>	<u>13,959</u>
EXPENDITURES				-
Public works				-
Personnel services	33,000	33,000	28,609	(4,391)
Materials and services	60,700	60,700	44,707	(15,993)
Capital outlay	-	-	-	-
Total expenditures	<u>93,700</u>	<u>93,700</u>	<u>73,317</u>	<u>(20,384)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(49,700)</u>	<u>(49,700)</u>	<u>(15,357)</u>	<u>34,343</u>
OTHER FINANCING SOURCES (USES)				
Operating transfers in	35,000	35,000	35,000	-
Operating transfers out	<u>(4,000)</u>	<u>(4,000)</u>	<u>(4,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>31,000</u>	<u>31,000</u>	<u>31,000</u>	<u>-</u>
Net change in fund balance	(18,700)	(18,700)	15,643	34,343
BEGINNING FUND BALANCE	<u>42,000</u>	<u>42,000</u>	<u>77,870</u>	<u>35,870</u>
ENDING FUND BALANCE	<u>\$ 23,300</u>	<u>\$ 23,300</u>	<u>\$ 93,513</u>	<u>\$ 70,213</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
STORM DRAIN FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Final Budget
REVENUES				
Investment revenue	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Public works				
Personnel Services	25,000	25,000	17,655	(7,345)
Materials and services	12,000	12,000	660	(11,340)
Capital Outlay	-	-	-	-
Total Expenditures	37,000	37,000	18,315	(18,685)
Other Financing Sources (Uses)				-
Operating transfers in	37,000	37,000	37,000	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	37,000	37,000	37,000	-
Net Changes in fund balance	-	-	18,685	18,685
Beginning fund Balance	75,000	75,000	91,461	16,461
Ending Funding Balance	<u>\$ 75,000</u>	<u>\$ 75,000</u>	<u>\$ 110,146</u>	<u>\$ 35,146</u>

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
HIGHWAY 101 FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
Revenues				
ODOT grant	\$ -	\$ -	\$ -	\$ -
Investment Revenue	-	-	-	-
Total Revenues	-	-	-	-
Expenditures				
Reserved for future expenditures	-	-	-	-
Capital expenditures	-	-	-	-
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over (under) expenditures	-	-	-	-
Other financing sources (uses)				
Operating transfers in	-	-	-	-
Operating transfers out	-	-	-	-
Total other financing sources (uses)	-	-	-	-
Net change in Fund balance	-	-	-	-
Beginning fund balance	-	-	2,951	2,951
Ending fund balance	\$ -	\$ -	\$ 2,951	\$ 2,951

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
CAPITAL RESERVE EXPENDITURES FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Food and beverage tax revenue	\$ 365,000	\$ 365,000	\$ 416,297	\$ 51,297
LID assessment	-	-	40,890	40,890
Anticipated Grants	15,000	15,000	15,000	-
Investment revenue	10,000	10,000	-	(10,000)
Total revenues	390,000	390,000	472,187	82,187
EXPENDITURES				
Capital outlay	1,183,500	1,183,500	335,583	(847,917)
Reserved for future expenditures	-	-	-	-
Total expenditures	1,183,500	1,183,500	335,583	(847,917)
Excess (deficiency) of revenues over (under) expenditures	(793,500)	(793,500)	136,604	930,104
OTHER FINANCING SOURCES (USES)				
Operating transfers in	701,700	732,200	732,200	-
Operating transfers out	(529,668)	(529,668)	(529,668)	-
Proceeds from Debt Refinancing	-	-	-	-
Total other financing sources (uses)	172,032	202,532	202,532	-
Net change in fund balance	(621,468)	(590,968)	339,136	930,104
BEGINNING FUND BALANCE	1,600,000	1,600,000	1,456,559	(143,441)
ENDING FUND BALANCE	\$ 978,532	\$ 1,009,032	\$ 1,795,695	\$ 786,663

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
DEBT SERVICE RESERVE FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
Revenues				
Property Taxes	\$ 44,000	\$ 44,000	\$ 42,955	\$ (1,045)
Investment Revenue	2,000	2,000	-	(2,000)
Total Revenues	46,000	46,000	42,955	(3,045)
Expenditures				
Debt Service Principal	441,513	441,513	392,398	(49,115)
Debt Service Interest	195,740	195,740	180,990	(14,750)
Total expenditures	637,253	637,253	573,388	(63,865)
Excess (deficiency) of revenues over (under) expenditures	(591,253)	(591,253)	(530,433)	60,820
Other financing sources (uses)				
Operating transfers in	603,000	603,000	603,000	-
Operating transfers out	-	-	-	-
Contribution from URD	100,000	100,000	100,000	-
Total other financing sources (uses)	703,000	703,000	703,000	-
Net change in Fund balance	111,747	111,747	172,567	60,820
Beginning fund balance	450,000	450,000	596,048	146,048
Ending fund balance	\$ 561,747	\$ 561,747	\$ 768,615	\$ 206,868

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
BUDGET TO ACTUAL
WATER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance
	Original	Final	Amounts	Final Budget
Revenues				
Charges for services	\$ 642,500	\$ 642,500	\$ 747,890	\$ 105,390
Investment Revenues	-	-	-	-
Total Revenues	642,500	642,500	747,890	105,390
Expenditures				
Public Works				
Personnel services	285,000	285,000	269,865	(15,135)
Materials and services	194,500	194,500	185,261	(9,239)
Debt service	-	-	-	-
Capital expenditures	-	-	-	-
Contingencies	15,000	15,000	5,421	(9,579)
Total expenditures	494,500	494,500	460,547	(33,953)
Excess(deficiency) of revenues over (under expenditures)	148,000	148,000	287,343	139,343
Other Financing Sources (Uses)				
Operating transfers out	(148,000)	(148,000)	(148,000)	-
Net change in net position	-	-	139,343	139,343
BEGINNING UNRESTRICTED NET POSITION	17,000	17,000	68,875	51,875
ENDING UNRESTRICTED NET POSITION	<u>\$ 17,000</u>	<u>\$ 17,000</u>	<u>208,218</u>	<u>\$ 191,218</u>
Net investment in capital assets			2,016,515	
ENDING NET POSITION			<u>\$ 2,224,733</u>	

See notes to the financial statements.

CITY OF YACHATS, OREGON
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION-
BUDGET TO ACTUAL
SEWER FUND
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Charges for services	\$ 588,000	\$ 588,000	\$ 569,948	\$ (18,052)
Investment revenue	-	-	-	-
Other local revenue	40,000	40,000	45,817	5,817
Total revenues	628,000	628,000	615,764	(12,236)
EXPENDITURES				
Public works				-
Personnel services	265,000	265,000	287,892	22,892
Materials and services	190,150	190,150	162,159	(27,991)
Capital expenditures	-	-	-	-
Contingencies	15,000	15,000	5,421	(9,579)
Total expenditures	470,150	470,150	455,472	(14,678)
Excess (deficiency) of revenues over (under) expenditures	157,850	157,850	160,293	2,443
OTHER FINANCING SOURCES (USES)				
Operating transfers out	(145,000)	(145,000)	(145,000)	-
Net change in net position	12,850	12,850	15,293	2,443
BEGINNING UNRESTRICTED NET POSITION	120,000	120,000	119,261	(739)
ENDING UNRESTRICTED NET POSITION	\$ 132,850	\$ 132,850	134,554	\$ 1,704
Net investment in capital assets			6,105,412	
ENDING NET POSITION			\$ 6,239,966	

See notes to the financial statements.

REPORTS ON LEGAL AND OTHER REGULATORY REQUIREMENTS



Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

Independent Auditor's Report

Honorable Mayor and City
Council Members City of Yachats
Yachats, Oregon 97498

We have audited, in accordance with auditing standards generally accepted by the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the modified cash basis financial statements of the governmental activities, the business type activities, each major fund and the aggregate remaining fund information of the City of Yachats, Oregon (the City), as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated November 25, 2019. As reported in the auditors' opinion on the financial statements, the City prepares its financial statements on the modified cash basis of accounting which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Yachats internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weakness or significant deficiencies may exist that were not identified. However, as described in the accompanying Schedule of findings and responses, we identified certain deficiencies that we considered to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis.

A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency 2019-01 described in the accompanying Schedule of Findings and Responses to be a significant deficiency.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Yachats' financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

Responses to Findings

City of Yachats response to the finding identified in our audit is described in the accompanying Schedule of Findings and Responses. We did not audit the City of Yachats' response and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.



Hanford & Associates, LLC
West Richland, Washington
November 25, 2019

Schedule of Findings and Responses

Findings – Financial Statement Audit

Significant Deficiency in Internal Control Over Financial Reporting

2019-01 Preparation of Financial Statements

Criteria:

Management is responsible for maintaining an adequate and complete system of internal control to ensure the financial statements are free from material misstatement and error. A complete system of internal control determines the systems adequacy for preparing the financial statements.

An adequate system of internal controls is the responsibility of the government's management. The preparation of the financial statements requires internal controls over both 1) recording, processing and summarizing accounting data (i.e. maintaining internal books and records) and 2) reporting government-wide and fund/accounting financial statements including the related footnotes and supplemental schedules for external reporting.

Condition:

The City of Yachats has elected not to have an internal control system designed to provide for the preparation of the financial statements and related footnotes being audited.

As is the case with many small to medium sized Oregon entities, the City of Yachats has relied on its independent external auditors to assist in the preparation of the financial statements and notes as a part of the external financial reporting process. The City's ability to prepare financial is based, in part, on its external auditors, who cannot be considered a part of the City's internal control structure.

As auditors, we were requested to draft the financial statements and the accompanying notes as well as assist to making the appropriate adjustments to convert the City's financial data into appropriate reporting.

Cause:

This condition was caused by the City's decision to outsource the preparation of the annual financial statements to the external auditors than to incur the time and expense of obtaining the necessary training and expertise required for the City to perform this task internally.

Effect:

The control deficiency could result in a misstatement to the financial statements that would not be prevented or detected.

Recommendation:

This circumstance is not unusual. It is the responsibility of management and those charged with governance to make the decision whether to accept the degree of risk associated with this condition because of cost or other considerations.

Management's Response:

The City has evaluated the cost v. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and GASB and determined that it is in the best interests of the government to outsource this task to its qualified accountant and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation on a continuous timely basis.



Independent Auditor's Report Required by Oregon State Regulations

We have audited the basic financial statements of the City of Yachats as of and for the year ended June 30, 2019 and have issued our report thereon dated November 25, 2019. We conducted our audit in accordance with auditing standards generally accepted in the United States of America.

Compliance

As part of obtaining reasonable assurance about whether the City of Yachats, Oregon's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Highway revenues used for public highways, roads and streets.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**
- **Accountability for collecting or receiving money by elected officials. The City does not have any elected officials collecting or receiving money.**

In connection with our testing nothing came to our attention that caused us to believe the City of Yachats was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

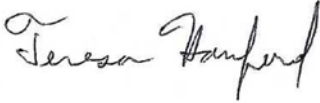
OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the City of Yachats, Oregon's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of

Yachats, Oregon's internal control. Accordingly, we do not express an opinion on the effectiveness of City of Yachats, Oregon's internal control.

We noted certain matters that we reported as finding 2019-01 in the Schedule of Findings and Responses.

This report is intended solely for the information and use of the Council and management of City of Yachats and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink, appearing to read "Teresa Hanford". The signature is written in a cursive, flowing style.

Hanford & Associates, LLC
West Richland, Washington
November 25, 2019



Yachats Urban Renewal Agency
(A Component Unit of the City of Yachats)

Annual Financial Report
For the Fiscal Year Ended June 30, 2019

**Yachats Urban Renewal Agency
LINCOLN COUNTY, OREGON**

OFFICERS AND MEMBERS OF THE GOVERNING BOARD
June 30, 2019

Agency Officials

John Moore
P.O. Box 345
Yachats, Oregon, 97498

James Kerti
P.O. Box 345
Yachats, Oregon, 97498

James Tooke
P.O. Box 345
Yachats, Oregon, 97498

Leslie Vaaler
P.O. Box 345
Yachats, Oregon, 97498

Max Glenn
P.O. Box 345
Yachats, Oregon, 97498

Shannon Beaucaire
Agency Manager
P.O. Box 345
Yachats, Oregon 97498

Address of Registered Office
P.O. Box 345
Yachats, Oregon 97498

**YACHATS URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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INDEPENDENT AUDITOR'S REPORT

Agency Officials
Yachats Urban Renewal Agency
Yachats, Oregon 97498

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of Yachats Urban Renewal Agency, a component unit of the City of Yachats, as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of Yachats Urban Renewal Agency, as of June 30, 2019, and the respective changes in financial position – modified cash basis and the respective budgetary comparison for the General Fund for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 25, 2019 on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in cursive script, reading "Teresa Hanford".

Hanford & Associates, LLC
West Richland, Washington
November 25, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS STATEMENT OF NET POSITION
JUNE 30, 2019

	Governmental Activities
	<u> </u>
ASSETS	
Cash and cash equivalents	\$ 297,767
	<u> </u>
Total assets	<u> 297,767 </u>
NET POSITION	
Unrestricted	<u> 297,767 </u>
	<u> </u>
Total net position	<u> \$ 297,767 </u>

See accompanying notes to the financial statements.

YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS STATEMENT OF ACTIVITIES
JUNE 30, 2019

	<u>Governmental Activities</u>
GENERAL REVENUES	
Property taxes	322,029
Investment earnings	-
Total general revenues	<u>322,029</u>
URBAN RENEWAL EXPENDITURES	
Material and services	2,277
Administrative fee	13,000
Transfers to primary government for:	
Construction Projects	18,000
Debt Service	<u>195,000</u>
Total expenditures	<u>228,277</u>
Change in Net Position	93,752
Net position - beginning	<u>204,015</u>
Net position - ending	<u><u>297,767</u></u>

See accompanying notes to the financial statements.

FUND FINANCIAL STATEMENTS

**YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2019**

	<u>General</u>
ASSETS	
Cash and cash equivalents	<u>\$ 297,767</u>
Total assets	<u>297,767</u>
 FUND BALANCE	
Unassigned	<u>297,767</u>
Total fund balance	<u><u>\$ 297,767</u></u>

See accompanying notes to the financial statements.

YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
JUNE 30, 2019

	<u>General</u>
REVENUES	
Property taxes	322,029
Investment earnings	-
Total revenues	<u>322,029</u>
EXPENDITURES	
Material and services	2,277
Administrative fee	13,000
Transfers to primary government for:	
Water Construction Projects	18,000
Debt Service	<u>195,000</u>
Total expenditures	<u>228,277</u>
Net change in fund balance	93,752
Fund balance at beginning of year	<u>204,015</u>
Fund balance at end of year	<u><u>297,767</u></u>

See accompanying notes to the financial statements.

**YACHATS URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization (reporting entity)

The Agency, a component unit of the City of Yachats, was organized August 2007 under ORS 457 and is a municipal corporation created by the City of Yachats to facilitate urban renewal within the City boundaries. The City Council serves as the governing body and is accountable for the fiscal matters of the Agency.

B. Urban Renewal Areas

Tax allocation bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

The Agency (City Council) selects an urban renewal plan area and defines its boundaries.

The county assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.

Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in financing the urban renewal projects.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$7,589,800.

C. Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

The statement of activities presents a comparison between direct expenses and program revenues for the Agency's program. The Agency does not allocate indirect expenses. Program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments and the gain on sale of property, are presented as general revenues.

The fund financial statements provide information about the Agency's fund. The emphasis of fund

financial statements is on major funds, each displayed in a separate column.

The single major fund, General Fund, accounts for general administration of the Agency's urban renewal areas, for acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas, and repayment of debt incurred for these activities.

D. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenditures, assets, and liabilities resulting from cash transactions, adjusted for liabilities that arise from cash transactions.

Only cash and cash equivalents and items that involve the receipt or disbursement of cash or cash equivalents during the period are recognized, except for the following modifications:

- Interfund receivables and payables that arise from transactions and events involving cash or cash equivalents are recognized;
- Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and
- Liabilities for cash or cash equivalents held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, billed or provided services that have not been collected in cash are not accrued as receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported and long-term liabilities such as debt and compensated absences are also not reported.

The fund financial statements are presented on the modified cash basis of accounting.

E. Equity classification

Government-wide reporting

In the government-wide financial statements, equity is classified as net position and displayed in the following components:

- **Invested In capital assets** - Consists of net assets that are invested in buildings, equipment, and other capital assets of the Agency.
- **Restricted net position**- Consists of external constraints placed on net position use by creditors, grantors, contributors, laws or regulations of other governments, constraints imposed by law through constitutional provisions, or enabling legislation.
- **Unrestricted net position** - Consists of all other net assets that are not included in the other categories previously mentioned.

In the government-wide financial statements when both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

Government-wide reporting

Fund balance amounts are reported within one of the fund balance categories listed below:

- Non-spendable fund balance represents amounts that are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation). Also, these are amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by granters or creditors.
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution. These amounts cannot be used for any other purpose unless the governing body of the Agency removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

In the governmental fund financial statements, when the Agency has restricted and unrestricted (committed, assigned or unassigned) resources available, it is the Agency's policy to expend restricted resources first. Unrestricted resources are then expended in the order of committed, assigned, and unassigned as needed, unless otherwise provided for in actions to commit or assign resources, in determining the amounts to be reported in each of the fund balance categories.

F. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

The Agency begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over expended.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body established the levels of budgetary control at the personnel services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the financial statements may be revised after the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

G. Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

As the basic financial statements are presented on the modified cash basis, uncollected property taxes are not reported. Property taxes are recorded as receipts when received.

NOTE 2- CASH AND CASH EQUIVALENTS

The Agency is a component unit of the City of Yachats. The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalent balances.

Cash and cash equivalent at June 30, 2019 consisted of the following:

	City	Agency
Petty Cash	\$ 100	\$ -
Cash in checking accounts (book balances)	672,920	237,432
Cash in Local Government Investment Pool	4,319,735	60,336
Total Cash and cash equivalents	<u>\$ 4,992,755</u>	<u>\$ 297,767</u>

Note 3 - DEPOSITS AND INVESTMENTS

A. Deposits

Deposits with financial Institutions

The Governmental Accounting Standards Board has adopted accounting principles generally

accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2017. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk (below) that exists.

Deposits with financial institutions are comprised of bank demand deposits. For the fiscal year ended June 30, 2019, the carrying amounts of the City deposits in various financial institutions were \$672,920. All deposits are held in the name of the City. At June 30, 2019, the City's deposits were covered by federal depository insurance and certifications of participation.

All deposits are held in the name of the City. At June 30, 2019 the City's deposits were covered by federal depository insurance and certifications of participation.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

B. Investments

The City has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2016-2017. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the City's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

Credit Risk. State Statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

NOTE 4 - RISK MANAGEMENT AND CONCENTRATIONS

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

On July 3, 2018, the Urban Renewal Agency entered into an intergovernmental agreement with the City of Yachats. The agreement requires the Urban Renewal Agency to make a single annual payment of \$100,000 to the City beginning in 2018-2019. The total payments for the Agency to the City under the obligation is \$1,400,000. The payments will be used to pay debt related to improvements of the South Reservoir Project, which was included in the Agency's urban renewal plan.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Agency does not have employees, debt, or physical assets (other than cash and investments). City of Yachats personnel administer the day-to-day activities of the trust. As noted in Notes 2 and 3, the Agency's cash and cash equivalents are combined with the City's cash and cash equivalents. The Agency is reported in the City's financial records as an individual fund. In the current period, \$195,000 was transferred to the City for Debt Payments and \$18,000 was transferred to the City for Construction projects. The Agency also paid \$13,000 to the City for Administrative fees.

NOTE 7 - SUBSEQUENT EVENTS

Professional standards require evaluation and disclosure of significant events affecting the Agency that take place subsequent to the current fiscal year ended June 30, 2019. For the audit period ending June 30, 2019, no subsequent events were identified for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2019

	Budgeted Amounts		Actual	Variance with
	Original	Final	Amounts	Final Budget
REVENUES				
Property taxes	\$ 271,000	\$ 271,000	\$ 322,029	\$ 51,029
Other local sources	-	-	-	-
Investment revenue	-	-	-	-
Total revenues	271,000	271,000	322,029	51,029
EXPENDITURES				
General government				
Dues/Memberships/Fees	1,000	1,000	277	(723)
Auditor	2,000	2,000	2,000	-
Administrative fee	13,000	13,000	13,000	
Transfer to primary government:				
Construction projects	18,000	18,000	18,000	-
Debt service	195,000	195,000	195,000	-
Reserved for future expenditures	100,000	100,000	-	(100,000)
Total expenditures	329,000	329,000	228,277	(100,723)
Net change in fund balance	(58,000)	(58,000)	93,752	151,752
BEGINNING FUND BALANCE	185,000	185,000	204,015	19,015
ENDING FUND BALANCE	\$ 127,000	\$ 127,000	\$ 297,767	\$ 170,767

See accompanying notes to the financial statements.

INDEPENDENT AUDITOR'S REPORT REQUIRED BY OREGON STATE REGULATIONS



Independent Auditor's Report Required by Oregon State Regulations

Agency Officials

Yachats Urban Renewal Agency

Yachats, Oregon 97498

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Yachats Urban Renewal Agency as of and for the year ended June 30, 2019, and have issued our report thereon dated November 25, 2019.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

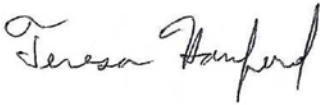
In connection with our testing nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the

circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

This report is intended solely for the information and use of the Agency officials and management of the Yachats Urban Renewal Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink, appearing to read "Teresa Hanford". The signature is written in a cursive, flowing style.

Hanford & Associates, LLC
West Richland, Washington
November 25, 2019



Yachats Urban Renewal Agency
(A Component Unit of the City of Yachats)

Annual Financial Report
For the Fiscal Year Ended June 30, 2017

**Yachats Urban Renewal Agency
LINCOLN COUNTY, OREGON**

OFFICERS AND MEMBERS OF THE GOVERNING BOARD
June 30, 2017

Agency Officials

Gerald Stanley
P.O. Box 345
Yachats, Oregon, 97498

Gregg Scott
P.O. Box 345
Yachats, Oregon, 97498

James Tooke
P.O. Box 345
Yachats, Oregon, 97498

Barbara Frye
P.O. Box 345
Yachats, Oregon, 97498

Max Glenn
P.O. Box 345
Yachats, Oregon, 97498

Shannon Beaucaire
Agency Manager
P.O. Box 345
Yachats, Oregon 97498

Address of Registered Office
P.O. Box 345
Yachats, Oregon 97498

**YACHATS URBAN RENEWAL AGENCY
LINCOLN COUNTY, OREGON
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2017**

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INDEPENDENT AUDITOR'S REPORT

Agency Officials
Yachats Urban Renewal Agency
Yachats, Oregon 97498

We have audited the accompanying modified cash basis financial statements of the governmental activities and the major fund of Yachats Urban Renewal Agency, a component unit of the City of Yachats, as of and for the year ended June 30, 2017, and the related notes to the financial statements, which collectively comprise the Agency's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The Agency's management is responsible for the preparation and fair presentation of these financial statements in accordance with the modified cash basis of accounting described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective modified cash basis financial position of the governmental activities and the major fund of Yachats Urban Renewal Agency, as of June 30, 2017, and the respective changes in financial position – modified cash basis and the respective budgetary comparison for the General Fund for the year then ended on the basis of accounting described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on a modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to this matter.

Other Reporting Required by Oregon State Regulations

In accordance with Minimum Standards for Audits of Oregon Municipal Corporations, we have issued our report dated November 25, 2019 on our consideration of the Agency's compliance with certain provisions of laws and regulations, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules. The purpose of that report is to describe the scope of our testing of compliance and the results of that testing and not to provide an opinion on compliance.

A handwritten signature in cursive script, reading "Teresa Hanford".

Hanford & Associates, LLC
West Richland, Washington
November 25, 2019

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE FINANCIAL STATEMENTS

**YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS STATEMENT OF NET POSITION
JUNE 30, 2017**

	<u>Governmental Activities</u>
ASSETS	
Cash and cash equivalents	<u>\$ 68,236</u>
Total assets	<u>68,236</u>
 NET POSITION	
Unrestricted	<u>68,236</u>
Total net position	<u><u>\$ 68,236</u></u>

See accompanying notes to the financial statements.

YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS STATEMENT OF ACTIVITIES
JUNE 30, 2017

	<u>Governmental Activities</u>
GENERAL REVENUES	
Property taxes	251,441
Investment earnings	812
Total general revenues	<u>252,253</u>
URBAN RENEWAL EXPENDITURES	
Material and services	1,020
Transfers to primary government for:	
Water Construction Projects	150,000
Debt Service	95,000
Total expenditures	<u>246,020</u>
Change in Net Position	6,233
Net position - beginning	<u>62,003</u>
Net position - ending	<u><u>68,236</u></u>

See accompanying notes to the financial statements.

FUND FINANCIAL STATEMENTS

**YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS BALANCE SHEET
GOVERNMENTAL FUND
JUNE 30, 2017**

	<u>General</u>
ASSETS	
Cash and cash equivalents	<u>\$ 68,236</u>
Total assets	<u>68,236</u>
 FUND BALANCE	
Unassigned	<u>68,236</u>
Total fund balance	<u><u>\$ 68,236</u></u>

See accompanying notes to the financial statements.

YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUND
JUNE 30, 2017

	<u>General</u>
REVENUES	
Property taxes	251,441
Investment earnings	<u>812</u>
Total revenues	<u>252,253</u>
 EXPENDITURES	
Material and services	1,020
Transfers to primary government for:	
Water Construction Projects	150,000
Debt Service	<u>95,000</u>
Total expenditures	<u>246,020</u>
 Net change in fund balance	6,233
Fund balance at beginning of year	<u>62,003</u>
 Fund balance at end of year	<u><u>68,236</u></u>

See accompanying notes to the financial statements.

**YACHATS URBAN RENEWAL AGENCY
NOTES TO THE BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2017**

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization (reporting entity)

The Agency, a component unit of the City of Yachats, was organized August 2007 under ORS 457 and is a municipal corporation created by the City of Yachats to facilitate urban renewal within the City boundaries. The City Council serves as the governing body and is accountable for the fiscal matters of the Agency.

B. Urban Renewal Areas

Tax allocation bonds for urban renewal plan areas are authorized by state law to 1) "...eliminate and prevent the development or spread of urban blight and deterioration; and 2) encourage needed urban conservation and rehabilitation and provide for redevelopment of blighted or deteriorated areas."

Projects are financed in urban renewal plan areas as follows:

The Agency (City Council) selects an urban renewal plan area and defines its boundaries.

The county assessor "freezes" the assessed value of property within the urban renewal area. This is referred to as the "frozen" value.

Any increase in assessed value above the frozen value is called the "incremental value." The tax revenue generated by the tax rate times the incremental value is provided for use in financing the urban renewal projects.

As required by ORS 457.190(3)(a), the Agency has included in its current plan the maximum amount of indebtedness that may be issued or incurred under the plan in the amount of \$7,589,800.

C. Government-Wide and Fund Financial Statements

The statement of net position and the statement of activities display information about the Agency, including all of its financial activities. Governmental activities are financed primarily through property taxes and proceeds from borrowings.

The statement of activities presents a comparison between direct expenses and program revenues for the Agency's program. The Agency does not allocate indirect expenses. Program revenues include grants and contributions that are restricted to meeting operational requirements. Revenues that are not classified as program revenues, including property taxes, earnings on investments and the gain on sale of property, are presented as general revenues.

The fund financial statements provide information about the Agency's fund. The emphasis of fund

financial statements is on major funds, each displayed in a separate column.

The single major fund, General Fund, accounts for general administration of the Agency's urban renewal areas, for acquisition and rehabilitation of blighted and deteriorated areas within the designated urban renewal areas, and repayment of debt incurred for these activities.

D. Measurement focus, basis of accounting and financial statement presentation

The government-wide financial statements are reported on a modified cash basis of accounting. The modified cash basis of accounting is based on the recording of cash and cash equivalents and changes therein, and only recognizes revenues, expenditures, assets, and liabilities resulting from cash transactions, adjusted for liabilities that arise from cash transactions.

Only cash and cash equivalents and items that involve the receipt or disbursement of cash or cash equivalents during the period are recognized, except for the following modifications:

- Interfund receivables and payables that arise from transactions and events involving cash or cash equivalents are recognized;
- Assets that normally convert to cash or cash equivalents (e.g., certificates of deposit, marketable investments, and receivables resulting from loans) that arise from transactions and events involving cash or cash equivalents are recognized; and
- Liabilities for cash or cash equivalents held on behalf of others, held in escrow, or received in advance of being earned or meeting eligibility requirements are recognized.

As a result of the use of this modified cash basis of accounting, certain transactions are not recorded in the financial statements. For example, billed or provided services that have not been collected in cash are not accrued as receivables. Additionally, capital assets such as property, equipment, and infrastructure are not reported and long-term liabilities such as debt and compensated absences are also not reported.

The fund financial statements are presented on the modified cash basis of accounting.

E. Equity classification

Government-wide reporting

In the government-wide financial statements, equity is classified as net position and displayed in the following components:

- **Invested In capital assets** - Consists of net assets that are invested in buildings, equipment, and other capital assets of the Agency.
- **Restricted net position**- Consists of external constraints placed on net position use by creditors, grantors, contributors, laws or regulations of other governments, constraints imposed by law through constitutional provisions, or enabling legislation.
- **Unrestricted net position** - Consists of all other net assets that are not included in the other categories previously mentioned.

In the government-wide financial statements when both restricted and unrestricted net position are available, unrestricted resources are used only after the restricted resources are depleted.

Government-wide reporting

Fund balance amounts are reported within one of the fund balance categories listed below:

- Non-spendable fund balance represents amounts that are not in a spendable form or because they are legally or contractually required to be maintained intact.
- Restricted fund balance represents amounts that are legally restricted by outside parties for a specific purpose (such as debt covenants, grant requirements, donor requirements, or other governments) or are restricted by law (constitutionally or by enabling legislation). Also, these are amounts that can be spent only for specific purposes because of state or federal laws, or externally imposed conditions by granters or creditors.
- Committed fund balance represents funds formally set aside by the governing body for a particular purpose. The use of committed funds would be approved by resolution. These amounts cannot be used for any other purpose unless the governing body of the Agency removes or changes the specified use by taking the same type of action (ordinance or resolution) that was employed when the funds were initially committed.
- Assigned fund balance represents amounts that are constrained by the expressed intent to use resources for specific purposes that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the governing body or by an official to whom that authority has been given by the governing body.
- Unassigned fund balance is the residual classification of the General Fund. Only the General Fund may report a positive unassigned fund balance. Other governmental funds would report any negative residual fund balance as unassigned.

In the governmental fund financial statements, when the Agency has restricted and unrestricted (committed, assigned or unassigned) resources available, it is the Agency's policy to expend restricted resources first. Unrestricted resources are then expended in the order of committed, assigned, and unassigned as needed, unless otherwise provided for in actions to commit or assign resources, in determining the amounts to be reported in each of the fund balance categories.

F. Budget policies and budgetary control

Generally, Oregon Local Budget Law requires annual budgets be adopted for all funds. The modified accrual basis of accounting is used for all budgets. All annual appropriations lapse at fiscal year-end.

The Agency begins its budgeting process by appointing budget committee members in the fall of each year. Budget recommendations are developed by management through early spring, with the budget committee meeting and approving the budget document in late spring. Public notices of the budget hearing are generally published in May or June and the hearing is held in June. The governing body adopts the budget, makes appropriations, and declares the tax levy no later than June 30. Expenditure appropriations may not be legally over expended.

The resolution authorizing appropriations for each fund sets the level at which expenditures cannot legally exceed appropriations. The governing body established the levels of budgetary control at the personnel services, materials and services, capital outlay, operating contingencies, debt service, and all other requirement levels for all funds.

Budget amounts shown in the financial statements may be revised after the original budget amounts were adopted. The governing body must authorize all appropriation transfers and supplementary budgetary appropriations.

G. Property taxes

Under state law, county governments are responsible for extending authorized property tax levies, computing tax rates, billing and collecting all property taxes, and making periodic remittances of collections to entities levying taxes. Real and personal property taxes are levied upon all taxable property and become a lien against the property as of July 1 of each year. Property taxes are payable in three installments following the lien date on November 15, February 15 and May 15 each year.

As the basic financial statements are presented on the modified cash basis, uncollected property taxes are not reported. Property taxes are recorded as receipts when received.

NOTE 2- CASH AND CASH EQUIVALENTS-

The Agency is a component unit of the City of Yachats. The City maintains a pool of cash and cash equivalents that are available for use by all funds. Each fund's portion of this pool is displayed on the financial statements as cash and cash equivalents. Interest earned on pooled cash and cash equivalents is allocated to participating funds based upon their combined cash and cash equivalent balances.

Cash and cash equivalent at June 30, 2017 consisted of the following:

	City	Agency
Petty Cash	\$ 100	\$ -
Cash in checking accounts (book balances)	1,162,215	-
Cash in Local Government Investment Pool	1,646,873	68,236
Total Cash and cash equivalents	\$ 2,809,188	\$ 68,236

Note 3 - DEPOSITS AND INVESTMENTS

A. Deposits

Deposits with financial Institutions

The Governmental Accounting Standards Board has adopted accounting principles generally

accepted in the United States of America (GAAP), which include standards to categorize deposits to give an indication of the level of custodial credit risk assumed by the City at June 30, 2017. If bank deposits at year end are not entirely insured or collateralized with securities held by the City or by its agent in the City's name, the City must disclose the custodial credit risk (below) that exists.

Deposits with financial institutions are comprised of bank demand deposits. For the fiscal year ended June 30, 2017, the carrying amounts of the City deposits in various financial institutions were \$1,200,636. All deposits are held in the name of the City. At June 30, 2017, the City's deposits were covered by federal depository insurance and certifications of participation.

All deposits are held in the name of the City. At June 30, 2017 the City's deposits were covered by federal depository insurance and certifications of participation.

Custodial Credit Risk. Custodial credit risk for deposits is the risk that, in the event of a bank failure, a government's deposits may not be returned to it. The City does not have a formal deposit policy for custodial credit risk.

Effective July 1, 2008, House Bill 2901 created a shared liability structure for participating bank depositories in Oregon. Barring any exceptions, a qualifying bank depository is required to pledge collateral valued at least 10% of their quarter-end public fund deposits if they are well capitalized, 25% of the quarter-end public fund deposits if they are adequately capitalized, or 110% of the quarter-end public fund deposits if they are undercapitalized or assigned to pledge 110% by the Office of State Treasurer. In the event of a bank failure, the entire pool of collateral pledged by all qualified Oregon public bank depositories is available to repay the deposits of public funds of governmental entities.

B. Investments

The City has invested funds in the State Treasurer's Oregon Short-term Fund Local Government Investment Pool during fiscal year 2016-2017. The Oregon Short-term Fund is the local government investment pool for local governments and was established by the State Treasurer. It was created to meet the financial and administrative responsibilities of federal arbitrage regulations. The investments are regulated by the Oregon Short-term Fund Board and approved by the Oregon Investment Council (ORS 294.805 to 294.895). Local Government Investment Pool (LGIP) is an external investment pool managed by the State Treasurer's office, which allows governments within the state to pool their funds for investment purposes. The amounts invested in the pool are not classified by risk categories because they are not evidenced by securities that exist in physical or book entry form as defined by GASB Statement No. 40.

In addition, the Oregon State Treasury LGIP distributes investment income on an amortized cost basis and participants' equity in the pool is determined by the amount of participant deposits, adjusted for withdrawals and distributed income. Accordingly, the adjustment to fair value would not represent an expendable increase in the City's cash position.

Investments in the Oregon State Treasury LGIP are made under the provisions of ORS 194.180. These funds are held in the City's name and are not subject to collateralization requirements or ORS 295.015. Investments are stated at amortized cost, which approximated fair value.

Credit Risk. State Statutes authorize the City to invest primarily in general obligations of the U.S. Government and its agencies, certain bonded obligations of Oregon municipalities, bank repurchase agreements, bankers' acceptances, certain commercial papers, and the State Treasurer's Investment Pool, among others. The City has no formal investment policy that further restricts its investment choices.

Concentration of Credit Risk. The City is required to provide information about the concentration of credit risk associated with its investments in one issuer that represents 5 percent or more of the total investments, excluding investments in external investment pools or those issued and explicitly guaranteed by the U.S. Government. The City has no such investments.

Interest Rate Risk. The City has no formal investment policy that explicitly limits investment maturities as a means of managing its exposure to fair value loss arising from increasing interest rates.

NOTE 4 - RISK MANAGEMENT AND CONCENTRATIONS

The Agency is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The Agency purchases commercial insurance for such risks of loss. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three years.

NOTE 5 - COMMITMENTS AND CONTINGENCIES

On July 3, 2018, the Urban Renewal Agency entered into an intergovernmental agreement with the City of Yachats. The agreement requires the Urban Renewal Agency to make a single annual payment of \$100,000 to the City beginning in 2018-2019. The total payments for the Agency to the City under the obligation is \$1,400,000. The payments will be used to pay debt related to improvements of the South Reservoir Project, which was included in the Agency's urban renewal plan.

NOTE 6 – RELATED PARTY TRANSACTIONS

The Agency does not have employees, debt, or physical assets (other than cash and investments). City of Yachats personnel administer the day-to-day activities of the trust. As noted in Notes 2 and 3, the Agency's cash and cash equivalents are combined with the City's cash and cash equivalents. The Agency is reported in the City's financial records as an individual fund. In the current period, \$95,000 was transferred to the City for Debt Payments and \$150,000 was transferred to the City for Water Construction projects.

NOTE 7 - SUBSEQUENT EVENTS

Professional standards require evaluation and disclosure of significant events affecting the Agency that take place subsequent to the current fiscal year ended June 30, 2017. For the audit period ending June 30, 2017, no subsequent events were identified for disclosure.

REQUIRED SUPPLEMENTARY INFORMATION

YACHATS URBAN RENEWAL AGENCY
MODIFIED CASH BASIS STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET TO ACTUAL
FOR THE YEAR ENDED JUNE 30, 2017

	Budgeted Amounts		Actual Amounts	Variance with Final Budget
	Original	Final		
REVENUES				
Property taxes	\$ 242,836	\$ 242,836	\$ 251,444	\$ 8,608
Other local sources	-	-	-	-
Investment revenue	-	-	809	809
Total revenues	<u>242,836</u>	<u>242,836</u>	<u>252,253</u>	<u>9,417</u>
EXPENDITURES				
General government				
Personnel services	14,629	14,629	-	(14,629)
Materials and services	2,125	2,125	1,020	(1,105)
Transfer to primary government:				
Construction projects	150,000	150,000	150,000	-
Debt service	114,132	114,132	95,000	(19,132)
Reserved for future expenditures	<u>26,638</u>	<u>26,638</u>	<u>-</u>	<u>(26,638)</u>
Total expenditures	<u>307,524</u>	<u>307,524</u>	<u>246,020</u>	<u>(61,504)</u>
Net change in fund balance	(64,688)	(64,688)	6,233	70,921
BEGINNING FUND BALANCE	<u>64,688</u>	<u>64,688</u>	<u>62,003</u>	<u>(2,685)</u>
ENDING FUND BALANCE	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 68,236</u>	<u>\$ 68,236</u>

See accompanying notes to the financial statements.

INDEPENDENT AUDITOR’S REPORT REQUIRED BY OREGON STATE REGULATIONS



Independent Auditor's Report Required by Oregon State Regulations

Agency Officials

Yachats Urban Renewal Agency

Yachats, Oregon 97498

We have audited, in accordance with auditing standards generally accepted in the United States of America, the basic financial statements of the Yachats Urban Renewal Agency as of and for the year ended June 30, 2019, and have issued our report thereon dated November 25, 2019.

Compliance

As part of obtaining reasonable assurance about whether the Agency's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in the Oregon Administrative Rules 162-10-000 through 162-10-320 of the *Minimum Standards for Audits of Oregon Municipal Corporations*, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion.

We performed procedures to the extent we considered necessary to address the required comments and disclosures which included, but were not limited to the following:

- **Deposit of public funds with financial institutions (ORS Chapter 295).**
- **Indebtedness limitations, restrictions and repayment.**
- **Budgets legally required (ORS Chapter 294).**
- **Insurance and fidelity bonds in force or required by law.**
- **Programs funded from outside sources.**
- **Authorized investment of surplus funds (ORS Chapter 294).**
- **Public contracts and purchasing (ORS Chapters 279A, 279B, 279C).**

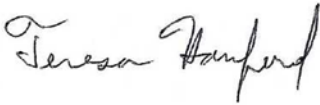
In connection with our testing nothing came to our attention that caused us to believe the Agency was not in substantial compliance with certain provisions of laws, regulations, contracts, and grants, including the provisions of Oregon Revised Statutes as specified in Oregon Administrative Rules 162-10-000 through 162-10-320 of the Minimum Standards for Audits of Oregon Municipal Corporations.

OAR 162-10-0230 Internal Control

In planning and performing our audit, we considered the Agency's internal control over financial reporting to determine the audit procedures that are appropriate in the

circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Agency's internal control. Accordingly, we do not express an opinion on the effectiveness of the Agency's internal control.

This report is intended solely for the information and use of the Agency officials and management of the Yachats Urban Renewal Agency and the Oregon Secretary of State and is not intended to be and should not be used by anyone other than these parties.

A handwritten signature in black ink, appearing to read "Teresa Hanford". The signature is written in a cursive, flowing style.

Hanford & Associates, LLC
West Richland, Washington
November 25, 2019



**CITY OF YACHATS
RESOLUTION NO. 2019-101**

**A RESOLUTION ADOPTING A PLAN OF ACTION AND RESPONSE TO THE AUDIT FINDINGS
OF THE AUDITORS REPORT FOR FISCAL 2018-2019 FINANCIAL STATEMENTS.**

The City of Yachats Resolves as follows:

WHEREAS, the City of Yachats has received and reviewed the 2018-2019 Financial Statement audit from the City Auditors (the Audit); and

WHEREAS, the Audit notes commented "The City of Yachats has elected not to have an internal control system designed to provide for the preparation of the financial statements and related footnotes being audited.

As is the case with many small to medium sized Oregon entities, the City of Yachats has relied on its independent external auditors to assist in the preparation of the financial statements and notes as a part of the external financial reporting process. The City's ability to prepare financial is based, in part, on its external auditors, who cannot be considered a part of the City's internal control structure.

As auditors, we were requested to draft the financial statements and the accompanying notes as well as assist to making the appropriate adjustments to convert the City's financial data into appropriate reporting."

**NOW THEREFORE BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF YACHATS, OREGON
AS FOLLOWS:**

- 1) The City has evaluated the cost v. benefit of establishing internal controls over the preparation of financial statements in accordance with GAAP and GASB and determined that it is in the best interests of the government to outsource this task to its qualified accountant and to carefully review the draft financial statements and notes prior to approving them and accepting responsibility for their content and presentation on a continuous timely basis.

This resolution was Adopted by the CITY OF YACHATS CITY COUNCIL this 5th day of December 2019 and takes effect upon signing by the Mayor.

CITY OF YACHATS

By: _____

W. John Moore, Chair

ATTESTED TO BY:

Shannon Beaucaire, City Manager



**CITY OF YACHATS
RESOLUTION NO. 2019-94
A RESOLUTION OF COMMISSION REAPPOINTMENTS**

WHEREAS, The Planning Commission, Public Works & Streets, Parks & Commons and the Yachats Library Commission made recommendations to the City Council concerning the reappointments of members to serve on the Committee, and

WHEREAS, The City Council discussed the recommendation at the December 18, 2019 meeting;

NOW THEREFORE, the City of Yachats resolves that the following reappointments are made:

- Planning Commission –
 - Loren Dickinson appointed to Seat A
 - Lance Bloch appointed to Seat D
- Public Works & Streets Commission –
 - Tom Bedell appointed to Seat A
 - Bob Bennett, Chair appointed to Seat B
- Parks & Commons Commission –
 - John Purcell, Chair appointed to Seat A
 - Linda Johnson appointed to Seat B
 - Dawn Keller appointed to Seat E
- Yachats Library Commission –
 - Marion Godfrey appointed to Seat A
 - Nikki Carlson appointed to Seat D

This Resolution was adopted by the City Council on December 5, 2019 and is effective as of that date.

CITY OF YACHATS

By: _____
W. John Moore, Mayor

ATTESTED TO BY:

Shannon Beaucaire, City Manager



DATE: November 22, 2019

TO: W. John Moore, Mayor
Yachats City Council

FROM: Shannon Beaucaire, City Manager

SUBJECT: Emergency Access on Gimlet

On April 16, 2019, Mr. King and Mr. Hofer requested that the gates on Gimlet Lane be opened for safety reason and to have traffic be allowed one-way going down Horizon Hill Road to Gimlet Lane.

After investigation, it was determined that the portion of the road that was blocked with the gates was not owned by the City but the homeowner's association. Council received testimony on July 3, 2019 from the City's Engineer of Record, Westech that a breakaway gate requires frequent repairs and it was dangerous to open the gate due to the steepness of the road. The safety issue was confirmed by the City's Planner, Dave Mattision. Both the engineer and planner recommended securing an easement for the City's utilities and that the road not be made public. The engineer looked into an electronic gate for vehicles going downhill, the cost upwards of \$10,000 and in an emergency the electronics might fail. The engineer also indicated that they recommended against pedestrian traffic in the area due to the liability.

Rick McClung stated the previous Mayor and Council asked Public Works to install the gates and Public Works has been using that road to service the pump station. The engineer and the City Attorney recommended that an easement be obtained for the City's utilities, installation of private road signs be installed at each end of the roadway, and that the keys to the gates be turned over to the homeowner's association. The Council concurred to get an easement for the properties of concern.

Mr. Lauritzen and Mr. Musial indicated that they recalled that the previous Council accepted the street from the homeowner's association.

Subsequently, numerous team members reviewed materials related to the subdivision. This is a summary of that research:

- Staff Report August 2005 to Planning Commission from Planner Larry Lewis

Gimlet Lane. *Gimlet Lane will be a steep road due to topographic conditions. There is a question whether or not this Gimlet Lane can be constructed with slopes that will allow for regular local traffic, or if it would only accommodate emergency vehicles. Every effort should be made to make this connecting road accessible to local traffic. The ability to accommodate local traffic would alleviate increased traffic on the existing portion of Horizon Hill Road. Yachats street design standards allow for a road to have a maximum slope of 20% however, a reduced slope is preferred. YRFPD has requested that Gimlet Lane have an all-weather surface, i.e. chip-seal, asphalt, etc.*

The 'Gimlet Lane' name needs to be approved by the Yachats Rural Fire Protection District.

Conclusions - Gimlet Lane. *Gimlet Lane shall have a minimum 40 foot right-of-way with a minimum 16 foot wide asphalt road and public walk surface, and maximum 20% slope. The street name shall be approved by YRFPD and the City.*

- Findings and Conclusions September 2005 Order to Applicant – Conditions of Approval

It is ORDERED *by the Yachats Planning Commission that Case File #1-S-PC-05 for the requested fourteen (14) lot Black Stone II Subdivision be and is hereby approved. Said approval is subject to the following conditions:*

Gimlet Lane. *Gimlet Lane shall have a minimum 40 foot right-of-way with a minimum 16 foot wide asphalt road and public walk surface, and maximum 20% slope. The street name shall be approved by YRFPD and the City.*

Letter from Larry Lewis to Jonathan Monschke

This decision will become effective on Tuesday, October 11, 2005 at 4:30 PM unless an appeal is filed with the City of Yachats.

- December 2011 Council Minutes – gates were installed
- 2013 Letters between Public Works Director Larry Blanchard and Northwest HOA Law Center discussing the fact that the City never accepted ownership of the streets
- 2014 correspondence between Mr. Blanchard and Mr. Musial indicating that the HOA is requesting that the City develop an agreement will pay the City to accept the streets.
 - Mr. Blanchard's correspondence indicates that the payment is \$10,048. Mr. Musial provided a check for \$8,471.20

- The notes listed as Option A refer to Gimlet Way – but do not definitively identify the portion of Gimlet in Question
- December 11, 2014 Council Minutes
 - State that Blackstone HOA agreed to pay \$10,048 for option A. There was discussion about the deficiencies that resulted in the City rejecting the street system in the subdivision. Blanchard said Option A includes only a slurry seal, but if the core samples come back showing that more work would be necessary then Option B would be required to bring the streets up to City Standards. There was consensus to spend \$250 for the core samples so that the Homeowners Association can be told which Option will be necessary before any decisions are made.
- January 8, 2015 Resolution bringing streets in Blackstone Development to City Standards.
- Maps
 - June 2003 showing Gimlet as a nature trail with Emergency vehicle turn around/access
 - July 2004 Showing Gimlet as a trail Connecting Gimlet and Keenah
 - September 2014 Memo Showing a Lincoln County Map the portion of Gimlet in question as the current status shown on a map printed November 22, 2019.

What is missing from all of this documentation is specific information regarding this small portion of Gimlet Lane.

All discussions have focused on safety. Recollections are that that specific portion of Gimlet is too steep to be safely navigated. The road was never conveyed to the City and the Engineer and Attorney have provided their recommendations.

The current recommendation is that the City obtain an easement to maintain its utilities, that signs be placed at either end indicating that the road is private, and turn over the keys to the gate to the HOA. The street is under their ownership and they can determine whether to open the gates.



City of Yachats

PUBLIC WORKS DEPARTMENT

500 W. 7th St.

P.O. Box 345

Yachats, OR 97498

MEMORANDUM

TO: Mayor-Ron Brean, Council President-Greg Scott, Council-members; Sandra Dunn, Barbara Frye

FROM: Larry R. Blanchard, Public Works Director

**DIVISION/
SECTION:** Public Works Department/ Engineering Division/Street Systems Pavement Management

RE: Blackstone Subdivision

SUBJECT: Operations and Maintenance of Blackstone Street System

Lawrence Musial, a Board member of the Blackstone Homeowners Association came before the City Council during the December 11th, 2014 City Council Meeting and asked the City Council to accept the Streets in the Blackstone Subdivision. Acceptance of the Streets would be contingent upon the Blackstone Homeowners Association payment to the City of \$10,048 under the Option "A" Proposal from the June 20th, 2013 letter from the City of Yachats Public Works Director.

The remaining criteria to determine whether Option "A" or Option "B" is acceptable is the completion of Core Sampling of the Asphalt and Crushed Rock. The City Council authorized the Public Works Director to proceed with taking Core Samples of the Asphalt and Crushed Rock under the Asphalt for the Streets in the Blackstone Subdivision.

Core Samples indicate that the Asphalt depths in the 11 sample location average between 1-3/4" to 4-1/2" inches thick, and crushed rock averaged between 6" and 11" inches thick. Street Standards typically require 2-3 Inches of Class "C" Hot Mixed Asphalt, and 6"- 8" inches of Compacted Crushed Rock. If repairs are made as recommended by Option "A" the Streets in the Blackstone Subdivision would provide at a minimum Twenty-Year (20) Life prior to the next major Asphalt Deep Patching and/or Asphalt Overlay.

Recommendation

- 1) Accept the offer from the Blackstone Homeowner Association to accept the Streets in the Blackstone Subdivision contingent upon the payment of \$10,048 to the City of Yachats to repair the streets according to Option "A" as described in the June 20th, 2013 Letter from the Public Works Director of the City of Yachats.

- 2) The formal process of accepting the Streets by the City can be researched and the necessary documentation required can be outlined in future correspondence between the Blackstone Homeowners Association and the City.
- 3) The Public Works Department will include the work outlined in Option "A" in the 2014/2015 Street Repair and Rehabilitation Work described in the 2014/2015 Capital Improvements Plan. This work is estimated to be completed prior to June 30th, 2015.

Cc: Pavement Management File
Nancy Batchelder, City Recorder

Attachments: June 20th, 2013 Letter from Yachats PWD
CoringBlackstone12192014 Spreadsheet

CITY OF YACHATS

Cost Item #	Description of Work To Be done	Number of Units	Units	Number of Hours/Units	Cost/Hour or Cost/Unit	Cost of Work
Repair 1)	Hanley Way Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	70	Square Feet	70	5	\$350.00
Repair 2)	Gimlet/Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	16	Square Feet	16	5	\$80.00
Repair 3)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	225	Square Feet	225	5	\$1,125.00
Repair 4)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	4	Square Feet	4	5	\$20.00
Repair 5)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	4	Square Feet	4	5	\$20.00
Repair 6)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	4	Square Feet	4	5	\$20.00
Repair 7)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	16	Square Feet	16	5	\$80.00
Repair 8)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	36	Square Feet	36	5	\$180.00
Repair 11)	Gimlet Way Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	36	Square Feet	36	5	\$180.00
Repair 12)	Gimlet Way Cut, Remove AC, Regrade/Compact and Install HMA Class C	75	Square Feet	75	5	\$375.00
Repair 13)	Gimlet Way Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	60	Square Feet	60	5	\$300.00
Repair 14)	Gimlet Way/Horizon Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	60	Square Feet	60	5	\$300.00
Repair 15)	Core Sample thin areas to determine if a Slurry Seal or Overlay is required to retain @ least a Twenty Year Life	10	Locations	10	25	\$250.00

[illegible]

Coring #	Description of Location of the Coring	Depth of Asphalt	Depth of Rock	Units	Comments
1	Center of the Intersection of Hanley Drive and Saki Lane	2-3/4"	8"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
2	Saki Lane 15' North of Hanley Drive Westside of Saki Lane	4-1/2"	6"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
3	Saki Lane 140' North of Hanley Drive Westside of Saki Lane	1-3/4"	9"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
4	Hanley Drive 176' West of the Intersection of Hanley, Gimlet, and Elk Mtn Road north side of Hanley	1-3/4"	10"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
4-A	Hanley Drive 76' West of the Intersection of Hanley, Gimlet, and Elk Mtn Road Center of Hanley	1-3/4"	9"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
5	Intersection of Gimlet and Horizon Hill Road, Center of Road	3-1/4"	6"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
6	180' North of Gimlet/Horizon Hill Road Center of Horizon Hill Road	1-3/4"	11"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
7	151' North of Gimlet/Horizon Hill Road eastside of Horizon Hill Road	2-1/4"	7"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
8	308' North of Gimlet/Horizon Hill Road westside of Horizon Hill Road	1-3/4"	7"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
9	413' North of Gimlet/Horizon Hill Road eastside of Horizon Hill Road	2-1/4"	6"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock
10	550' North of Gimlet/Horizon Hill Road westside of Horizon Hill Road	2"	7"	Inches	Standard is 2-3 inches of Class "C" Hot Mix Asphalt over 6-8 inches of 1"-0" Crushed Rock



City of Yachats
PUBLIC WORKS DEPARTMENT
500 W. 7th St.
P.O. Box 345
Yachats, OR 97498

Laurence Musial
1111 Yachats Way
Yachats, OR 97498

June 20th, 2013

Subject: Blackstone Sub-division Public Improvement Acceptability

Re: Street System Repairs and Rehabilitation Work Prior to City Acceptance for Operations and Maintenance

Dear Mr. Musial;

We discussed earlier this month that the City of Yachats-Public Works Department would be conducting an Overall Condition Index (OCI) evaluation of the street system in the Blackstone Sub-division. As a result of this evaluation I have completed the report and the following work would need to be completed before the City would consider accepting the street infrastructure as complete, and ready for the City of Yachats-Public Works Department to operate and maintain this street system.

It is apparent that there is fairly rapid deterioration of the street infrastructure due to the lack of maintenance of the street systems, therefore we will begin a massive vegetation mowing in the next few days. Also, it is evident that there are some areas especially along Gimlet that need to be either overlaid with HMA Class C Asphalt or it is possible that a Slurry Seal could slow the deterioration by sealing out the moisture penetrating the asphalt into the base rock underneath the asphalt. I have included in the cost estimate funding to complete core sampling of the existing asphalt in ten (10) locations to make sure the City will retain at least a twenty (20) year life from this street system.

I have included two (2) options; 1) Option A-Slurry Seal Gimlet Way, or Option B- Grind and Overlay Gimlet Way with 2"-inches of Class C Hot Mix Asphalt. The determination of the option the City will accept will be based on the core samples taken throughout the street system. In any event the repair work to the asphalt must be completed in either option.

I would like to meet with you to further discuss your next steps. Please contact me at your earliest convenience so we can schedule the meeting, it is imperative complete this work this before winter and to get this work placed on our schedule.

Sincerely;
Larry R. Blanchard

June 20th, 2013

Larry R. Blanchard, Public Works Director

Date

Attachment: Estimate of Cost EOC2013-002

CITY OF YACHTS

Cost Item #	Description of Work To Be done	Number of Units	Units	Number of Hours/Units	Cost/Hour or Cost/Unit	Cost of Work
Repair 1)	Hanley Way Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	70	Square Feet	70	5	\$350.00
Repair 2)	Gimlet/Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	16	Square Feet	16	5	\$80.00
Repair 3)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	225	Square Feet	225	5	\$1,125.00
Repair 4)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	4	Square Feet	4	5	\$20.00
Repair 5)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	4	Square Feet	4	5	\$20.00
Repair 6)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	4	Square Feet	4	5	\$20.00
Repair 7)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	16	Square Feet	16	5	\$80.00
Repair 8)	Hanley Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	36	Square Feet	36	5	\$180.00
Repair 11)	Gimlet Way Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	36	Square Feet	36	5	\$180.00
Repair 12)	Gimlet Way Cut, Remove AC, Regrade/Compact and Install HMA Class C	75	Square Feet	75	5	\$375.00
Repair 13)	Gimlet Way Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	60	Square Feet	60	5	\$300.00
Repair 14)	Gimlet Way/Horizon Saw Cut, Remove AC, Regrade/Compact and Install HMA Class C	60	Square Feet	60	5	\$300.00
Repair 15)	Core Sample thin areas to determine if a Slurry Seal or Overlay is required to retain @ least a Twenty Year Life	10	Locations	10	25	\$250.00

CITY OF YACHATS

Cost Item #	Description of Work To Be done	Number of Units	Units	Number of Hours/Units	Cost/Hour or Cost/Unit	Cost of Work
Repair 16)	Slurry Seal all of Hanley from Gimlet to Lower Cul-de-sac	6768	Square Feet	6768	1	\$6,768.00
	Option A Street Repairs					\$10,048.00
Repair 17)	Overlay all of Hanley from Gimlet to Lower Cul-de-sac	6768	Square Feet	6768	2.65	\$17,935.20
	Option B Street Repairs and Overlay					\$21,215.20

CITY OF YACHATS
RESOLUTION NO. 2015-01-02
Blackstone Street Agreement

WHEREAS, City Council authorized the Public Works Director to take core samples in order to determine the amount of work required to bring the streets in the Blackstone Development to City Standards;

WHEREAS, core samples showed that there is adequate sub-surface material to go forward with the repairs based on Option A;

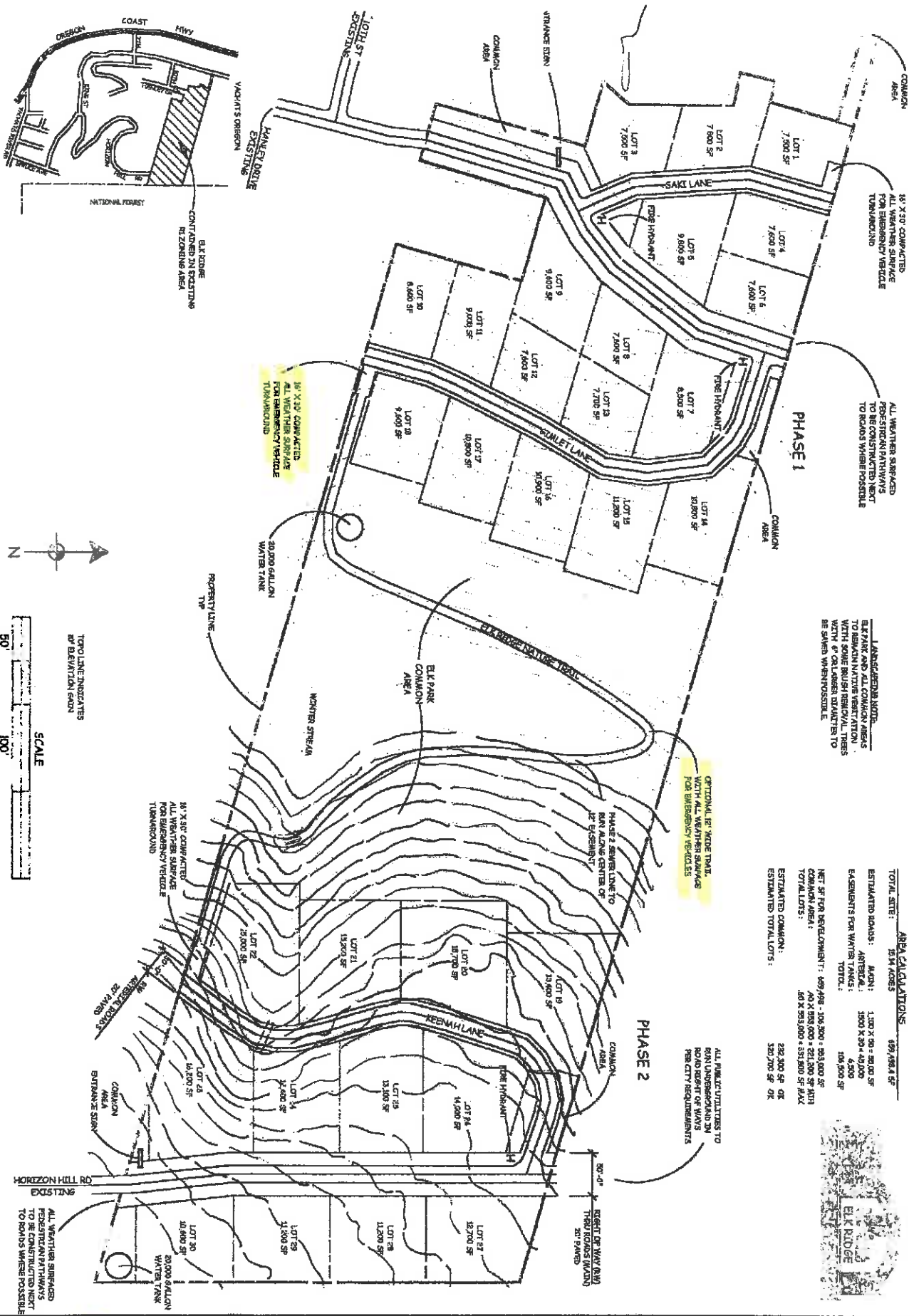
NOW THEREFORE, the City of Yachats resolves to move forward with the repairs as per Option A, attached and marked "Exhibit A", billing the Homeowners Association for the repairs, accepting the streets once the repairs have been completed and establishing a process for accepting streets in developments in the future.

This Resolution is memorializing an action taken by City Council at the January 8, 2015 meeting and was effective as of that date.

Attest:

Ronald L. Brean, Mayor

Nancy Batchelder, City Recorder



AREA CALCULATIONS

TOTAL SITE:	12.14 ACRES	839,484.57
ESTIMATED ROADS:	ARTIFICIAL:	1,300 X 30 = 39,000 SF
	EASEMENTS FOR WATER TANKS:	100 X 30 = 3,000 SF
	TOTAL:	42,000 SF
NET SF FOR DEVELOPMENT:	699,484 - 42,000 =	657,484 SF
COMMON AREA:	40 X 953,000 =	38,120,000 SF MAX
TOTAL LOTS:	32,300 SF - OK	
ESTIMATED COMMON:	38,120,000 SF - OK	
ESTIMATED TOTAL LOTS:	32,300 SF - OK	

ELK RIDGE
YACHATS OREGON
PRELIMINARY PLAN

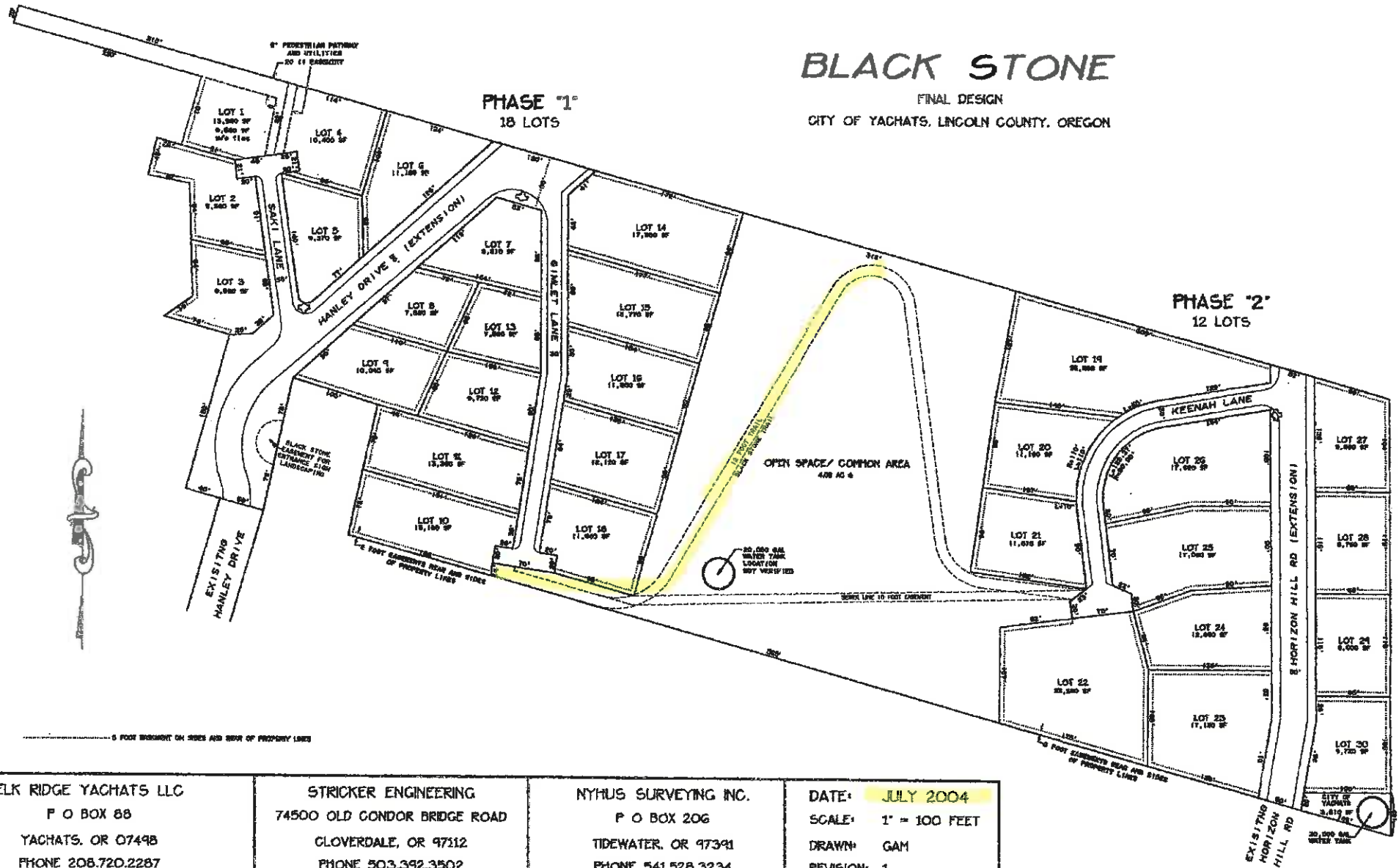
JONATHAN MONSCHKE
PO BOX 2272
NEWPORT OR 97365
monschke@mac.com

TIMBER STONE
PO BOX 2272
NEWPORT OR 97365
208.720.2287
fishhouse@timberstone.com

DRAWN JDM
DATE 07/20/03
SCALE 1"=50'
DRAWING NO
P1
OF

CITY OF YACHATS, LINCOLN COUNTY, OREGON

PHASE "2"
12 LOTS



ELK RIDGE YACHATS LLC P O BOX 88 YACHATS, OR 97498 PHONE 208.720.2287	STRICKER ENGINEERING 74500 OLD CONDOR BRIDGE ROAD CLOVERDALE, OR 97112 PHONE 503.392.3502	NYHUS SURVEYING INC. P O BOX 206 TIDEWATER, OR 97391 PHONE 541.528.3234	DATE: JULY 2004 SCALE: 1" = 100 FEET DRAWN: GAM REVISION: 1
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City of Yachats

441 Hwy 101 N.
P O Box 345
Yachats, OR 97498

September 30, 2014

To: Yachats Mayor & City Council
cc: Nancy Batchelder, City Recorder
From: Larry Lewis, City Planner
Re: Tom Rodovsky's Request to Donate Open Space Parcel to the City
Tax Lot 2300 of Tax Map 14-12-26BB

Per your request, here is additional information regarding the above referenced parcel.

OPEN SPACE SYSTEM

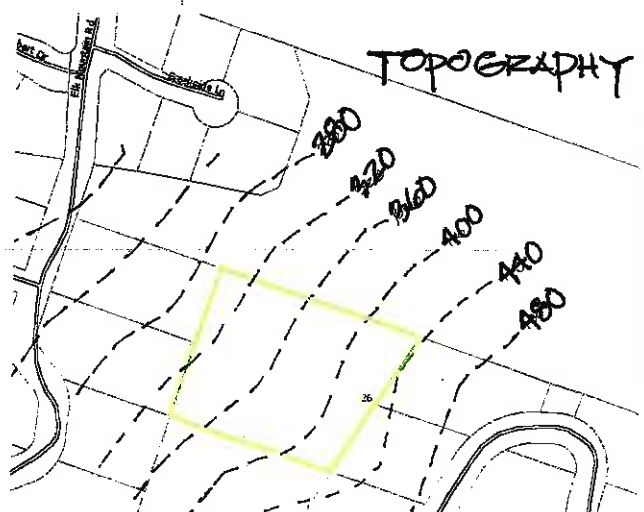
The subject parcel is dedicated as common open space. This is one of four contiguous open space parcels that collectively create a continuous open space system on the east hillside. The other open space parcels were created as part of the Blackstone I and Blackstone II Subdivisions to the south and the Creekside Planned Unit Development to the north. In the past this has been referred to as Elk Mountain Park.

TRAILS

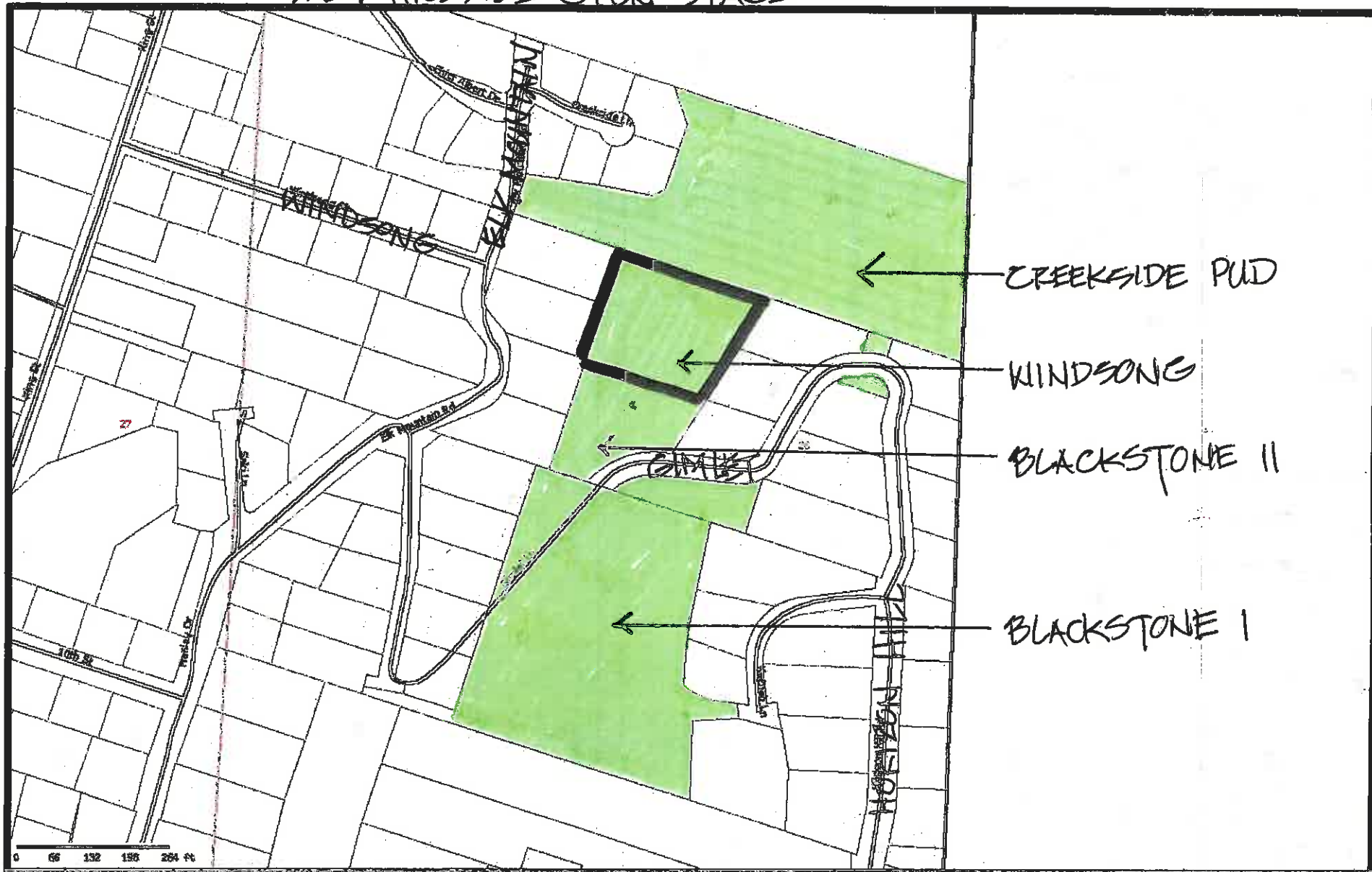
The Village Circulation Plan identifies a continuous north-south oriented 'east side trail'. Constructing a trail through this parcel would be challenging due to the topography. It is more feasible to have a north-south oriented trail west of the parcel (alongside or near Elk Mountain Road) or east of the parcel (extend a trail north of Horizon Hill Road).

TOPOGRAPHY

This parcel has a significant slope downward from east to west. Based on limited topographic data it appears there is a 50% slope across the parcel.



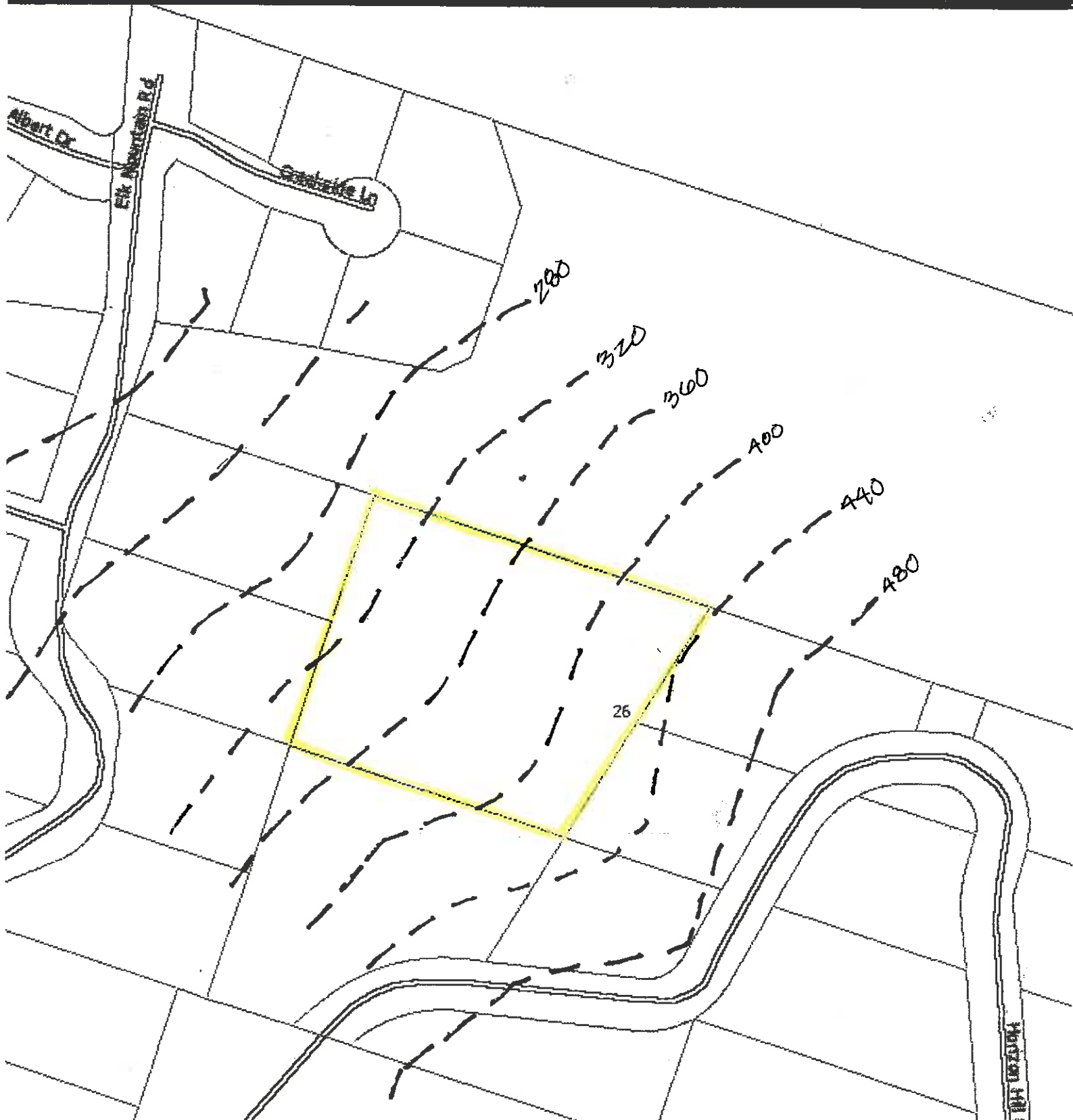
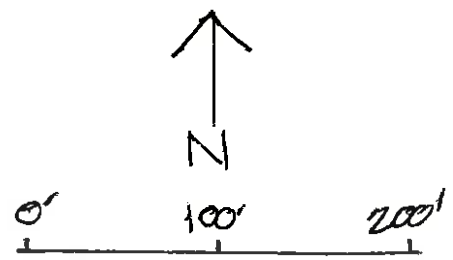
EAST HILLSIDE OPEN SPACE



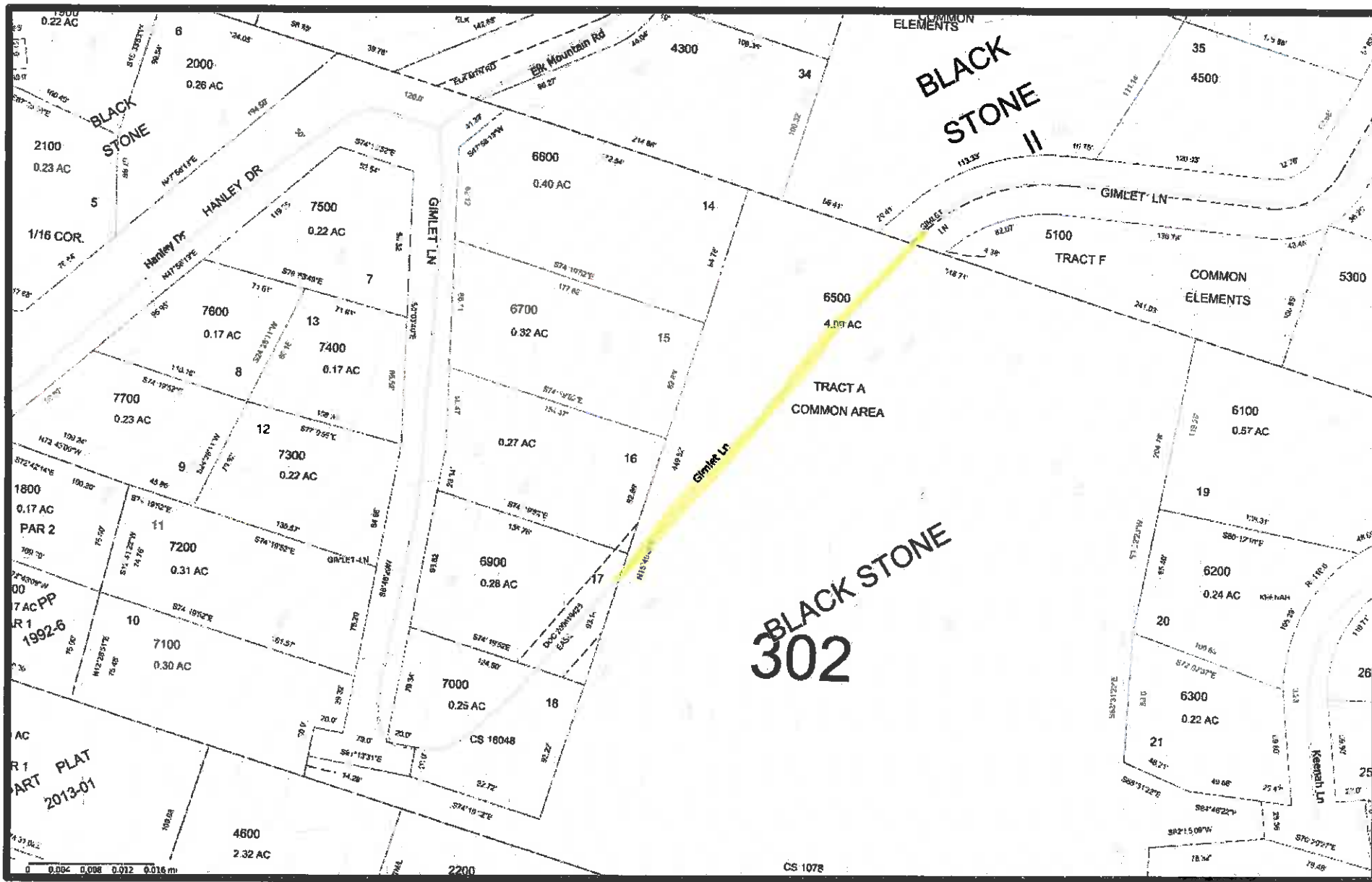
Printed 09/30/2014

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Map



Printed 11/22/2019

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