

State of Our Financial Condition Budget Year Ending 4/30/2011

Report to the City by the Finance Commissioner Ken Williams 3/14/2011.

We are wrapping up our current fiscal year and on 5/1/2011 begin a new one. We will begin our budget process this week and I believe it helpful to provide a fiscal state of our city.

The City of Oregon is in great financial condition. While other cities have huge unfunded deficits we continue to carry a balanced operating budget thanks to the difficult decisions made by this council.

Key financial considerations affecting this next year's budget are:

1. We again will spend no more than what comes in. Our operating budget will be balanced. We reduced over \$200,000 in operating expenses over the past two years to reach this goal.
2. Sales tax revenue is up; more people are spending money in our city. This year we have outpaced other communities in the county with a sales tax revenue increase of 24%. Increased auto sales and the results of business district efforts to show people Oregon is a great place to live work and play are likely contributors to this increase.
3. Property tax revenues are budgeted to stay one of the lowest in the county. Our property tax is equal to Forreton and lower than Polo, Mt Morris and Byron. About 35% of city income comes from property taxes.
4. Since 1995 city property tax rates, not counting pensions, have increased an average of 1% per year. The total property tax rate increase over the fifteen year period was from .756 in 1995 to .873 in 2010, an increase of 15% or 1% per year.
5. Since 1995 the state required city property tax rate for pensions increased 4% per year. Cities are required to levy the amount needed to meet public employee pension funding as determined annually by the state. The rate required by the state went from .106 in 1995 to .171 in 2010, an increase of 61% or 4% per year average.
6. Utility tax revenues average \$3.73 per month for each household. On an ongoing basis I recommend 50% of the utility tax dollars collected be placed in a Streets Capital Improvement fund to meet the continuing needs of our citizens for safe and well maintained streets.

Oregon Finance Commissioner, Ken Williams, commented "It is no accident we are in great financial condition. The taxpayers can feel good knowing its Mayor and Council made the difficult choices resulting in Oregon being one of the healthiest cities fiscally in the region. I am very confident our future is even brighter."