



City of Tualatin

CITY OF TUALATIN Staff Report

TO: Honorable Mayor and Members of the City Council
THROUGH: Sherilyn Lombos, City Manager
FROM: Don Hudson, Assistant City Manager/Finance Director
DATE: June 24, 2019

SUBJECT:

Consideration of **Resolution No. 5446-19** Adopting the City of Tualatin Budget for the Fiscal Year Commencing July 1, 2019, Making Appropriations, Levying Ad-Valorem Taxes, and Categorizing the Levies

RECOMMENDATION:

Staff recommends adoption of the attached resolution, which includes the Budget Committee Approved Fiscal Year 2019-2020 Budget.

EXECUTIVE SUMMARY:

Council will consider adoption of the Fiscal Year 2019–2020 Budget, after conducting a public hearing to consider public input on the Fiscal Year 2019–2020 Budget. The City of Tualatin Budget Advisory Committee approved the proposed budget on May 20, 2019. The total of the Fiscal Year 2019-2020 Budget is \$130,884,125 as approved by the Budget Advisory Committee and amended by the City Council.

The tax rate for general government would be approved at \$2.2665 per \$1,000 taxable assessed value, with \$2,874,790 to be levied for bonded debt. The bond levy is excluded from limitation for local government operations.

Oregon State law requires the City Council adopt a budget prior to July 1, 2019.

The City of Tualatin budget is made up of 19 funds, divided among five different categories: General Fund, Special Revenue Funds, Debt Service Funds, Capital Projects Funds, and Enterprise Funds. Urban Renewal Funds are presented in the Tualatin Development Commission budget, which will be heard in a separate public hearing later this evening.

The General Fund is the primary operating fund of the City and supports general government services. Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditure for specific purposes, including the Building Fund, street funds, Core Area Parking Fund and the Tualatin Science and Technology Scholarship Fund. Debt Service Funds record revenues and expenditures for our general obligation bond debt. Capital Project Funds record capital projects that are funded from restricted funds. The Enterprise Funds include all funds related to the following systems: Water, Sewer and Storm Drain. These funds account for the infrastructure systems covering water, sewer and storm drain and their revenues are derived from sources that are specifically earmarked, or restricted for these specific purposes.

City staff prides itself in providing quality services to the entire community, in a fiscally prudent manner. The fiscal year 2019-2020 budget continues to meet these expectations. Utilizing the City's Fiscal Health model

of matching on-going expenditures with on-going revenues, the City is maintaining a positive fiscal health position for this fiscal year. One factor in maintaining a positive fiscal health position is the continued stability of our revenue sources. Development throughout the City adds assessed value to the tax rolls, increasing our property tax revenue. Growth in our popular recreation programs is self funded through increased revenues for those programs. Other revenue sources continue to be stable. This stability allows for prudent financial management of the City's budgetary dollars, while maintaining service levels.

City staff continues to be financially responsible when preparing their budgets, maintaining appropriate levels in our on-going expenditures. Departments look for efficiencies and savings in their budget requests, keeping growth in expenditures reasonable. The City is adding two new funds this year. One is a Vehicle Replacement Fund to set-aside funds annually for replacement of vehicles utilized in the City's utility activities when they reach the end of their useful life, and the Tualatin Service Center Fund, to record expenditures related to the construction of a new building to house utility and development services functions on the City Operations Center Site. The FY 2019-2020 budget also includes appropriations for transportation projects planned in the Tualatin Moving Forward program. These expenditures are funded from the 2018 Transportation Bond that was passed by voters in May 2018 and sold in August 2018. Once again, the City's expenditure budget is a financially stable budget.

In addition to the budget approved by the budget committee, the City Council has the ability to change the approved budget in each fund by no more than 10% of the total budget. Staff is proposing changes in the Sewer Operating Fund, Road Operating Fund, General Fund, and the Park Development Fund.

The Sewer Operating Fund budget for Fiscal Year 2018-2019 included a joint purchase of a Sewer Easement Machine with the City of Lake Oswego. The Intergovernmental Agreement is still being finalized and will not be approved by both City Councils until after July 1st, so the \$35,000 will be carried over into the Fiscal Year 2019-2020 budget. The Road Operating Fund adjustment of \$100,000 will increase Community Development Block Grant revenue by \$100,000, with a corresponding increase in Fund Projects of \$61,000 and Future Year's Projects by \$39,000. This adjustment is to correct changes related to the Sagert Sidewalk Project included in the Approved Budget.

In the General Fund, the Arts Advisory Committee is asking for a carryover of \$6,375 for projects that will not be completed prior to June 30, 2019.

Lastly, there was an error in the budget committee amendment for the Park Development Fund. The \$54,000 amendment was inadvertently added to the fund's reserve account, instead of being added to Capital Outlay. The attached resolution shifts the budget to the appropriate category.

For more detailed information, the City's Proposed 2019-2020 Budget can be found at <http://www.tualatinoregon.gov/finance/2019-2020-proposed-budget>. The final adopted budget document will be posted to the website in early July.

OUTCOMES OF DECISION:

By adopting the budget before July 1st, the City will be able to operate, expend money and incur liabilities for fiscal year 2019-2020.

ATTACHMENTS:

- Resolution No. 5446-19