



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. 5444-19** Authorizing Changes to the FY 2018-2019 Adopted Budget

RECOMMENDATION:

Staff recommends adopting the attached resolution.

EXECUTIVE SUMMARY:

Occasionally, it becomes necessary after the budget is adopted to make changes for occurrences unforeseen when the budget was adopted. During FY 2018-2019, there were instances that were not anticipated when the budget was adopted in June 2018. The following circumstances that occurred during the fiscal year that require budget adjustments, are allowed under Local Budget Law.

The first two are in the City Council budget. With the current make-up of the City Council, there are more councilors participating in the City's medical and dental insurance than were budgeted. The budget was prepared using the councilors and their elections at the time of budget preparation. Additionally, due to follow-ups to the City Council Advance with the facilitator, consultant costs were higher than projected. In the Police Department Budget, health and dental benefits are also budgeted with known employee coverages as of the time the budget was prepared. Staff turnover and changes to individual's level of coverage, i.e. single party, employee +1 or family coverage, cause fluctuations in the actual amounts compared to budget. During FY 2018-2019, there were changes, particularly from a position budgeted as single party coverage being filled with an employee selecting family coverage.

In the Building Fund, we have experienced a higher volume of customers paying with credit cards during the fiscal year, which causes our merchant discount fees to increase. A contingency transfer is needed to cover these additional expenditures.

The next instance is in the Storm Drain Development Fund, related to the Stormwater Master Plan. The master plan project was projected to be completed at a higher percentage in FY 2017-2018, when the FY 2018-2019 budget was prepared. Due to staffing in the Engineering Division, less work was completed by June 30, 2018, meaning a larger amount occurred during FY 2018-2019 than was projected.

In the Water Development Fund, the C1 Reservoir Project, the Water Master Plan and the Myslony Water Project were budgeted for a transfer to the Water Operating Fund for the amounts that are SDC eligible. The project budgets were updated in Water Operating for the additional amounts needed in FY 2018-2019, but the transfer amounts in Water Development were not updated. This contingency transfer adjusts for these additional costs.

The last changes proposed in the attached resolution are transfers out of the Road Operating Fund for pass through revenues received in that fund. In 2011, a Zone of Benefit Recovery was created for improvements that were included (sidewalks and gutters) as part of the 124th Avenue Extension, but are the responsibility of adjacent property owners when development of the property occurs. When the payment is received, it is recorded in the Road Operating Fund and transferred into the Leveton Project Fund. We received a payment in FY 2018-2019 and need to appropriate the transfer out of the Road Operating Fund. Also, we began receiving revenue from the recently passed Washington County Vehicle License Fee. As the City's allocation is for road maintenance, it is appropriate to include it with our Pavement Maintenance program. Since the revenue is not derived from road utility fees, the revenue is recorded in the Road Operating Fund and then transferred into the Road Utility Fund. This was not foreseen when the 2018-2019 budget was prepared.

All proposed changes to the adopted budget are included in Exhibit A, attached to the Resolution that follows.

FINANCIAL IMPLICATIONS:

The net effect in the General, Building, Storm Drain Development and the Water Development Funds are zero, as the resolution transfers existing appropriations from one account to another. The impacts to the other funds are simply a reallocation of revenues received in the Road Operating Fund.

ATTACHMENTS:

- Resolution No. 5444-19