



*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:** October 28, 2019

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**SUBJECT:**

Consideration of **Resolution No. 5465-19** Adopting a Supplemental Budget to Authorize Changes to the FY 2019-2020 Adopted Budget.

**RECOMMENDATION:**

Staff recommends adopting the attached resolution.

**EXECUTIVE SUMMARY:**

Local Budget Law allows for transfer of appropriations within a fund when authorized by a resolution of the City Council. It also allows for a supplemental budget to be prepared for an occurrence or condition that was not ascertained when preparing the budget.

When the annual budget is prepared, staff incorporates assumptions for items such as cost of living increases into the budget. The City Council ratified a new collective bargaining agreement with the Tualatin Police Officers Association on August 12<sup>th</sup>, which included a cost of living adjustment that was higher than was incorporated into the Adopted FY 2019-2020 budget. Additionally, cost of living adjustments for non-represented staff previously approved by the Council in June was slightly higher than originally projected.

In the current fiscal year, the Legal staff embarked on a project codifying both the Municipal Code and the Development Code into a software system that would provide significantly increased printing and search features, along with other features. With the addition of new ordinances and the updates to the development code planned for this fiscal year, the budgeted amount in the consultants line in the Legal budget will not be sufficient to complete the work. A contingency transfer is proposed to fund the projected work plan for the rest of the fiscal year.

Lastly, the Public Employees Retirement System (PERS) Board created rules for applying for matching funds for contributions made by governmental entities that are part of PERS, under the Employer Incentive Fund (EIF) program passed in the 2018 Legislative Session and funded in the 2019 Session. Until the rules were created and the application period was opened, staff was unable to determine the feasibility of participating in the program. Upon the close of fiscal year 2018-2019, to determine actual fund balances available to be used, and after the program was better defined, staff completed their analysis and determined that participation in the EIF program is beneficial to the City. Differences between the estimated beginning fund balances and actual beginning balances are being used for the PERS EIF contribution, as well as a contingency transfer for the difference in the General Fund.

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, Road Operating, Water and Sewer Funds are zero, as the resolution transfers existing appropriations from one account to another, or increases appropriations from additional beginning fund balances than were anticipated when the FY 2019-2020 budget was prepared.

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**ATTACHMENTS:**

- Resolution No. 5465-19, with Exhibit A attached