

CITY COUNCIL AGENDA ITEM COVER SHEET

Meeting Date: February 25, 2019

To: Honorable Mayor and Members of the City Council

From: Will Norris, Finance Dir. / Asst. City Manager

Subject: Fiscal Year 2018-19 Second Quarter Supplemental Budget
(Resolution No. 2019-01)

Discussion:

On June 11th, 2018, the Hood River City Council adopted the appropriations resolution governing the City's Adopted Budget for Fiscal Year 2018-19. Routinely unforeseeable mid-year changes in revenue or operating conditions require appropriation adjustments. ORS 294.471 allows the governing body of a municipal corporation to adopt a Supplemental Budget by ordinance or resolution.

The attached Supplemental Budget Resolution 2019-01 makes the following adjustments:

1. Recognizes Audited FY2018-19 Beginning Fund Balances

Budget Policy Resolution 2016-09 requires the City Council to review the actual beginning fund balances shown in the external audit and if the General Fund amount is in excess of the budgeted amount, determine the disposition of the excess. The FY2017-18 audit was completed in December of 2018. The attached Supplemental Budget recognizes the audited balance amount. Small variations in actual to budgeted beginning balances is associated with the impossibility of perfectly forecasting yearend revenues and expenditures during the budget process. The large variances in the Road & Water Fund are due to schedule revisions of large capital expenditures and not due to either over or under expenditure.

Where beginning balances are higher than budgeted, the funds are either left unappropriated or are allocated to prior budgeted capital project from FY2017-18 that continued into FY2018-19. Where beginning fund balances are less than originally budgeted, resulting appropriations reductions are proposed.

2. Police Space Needs & Hydro-electric Projects Budgeted

Both contract awards for the Police Space Needs Analysis and Hydro-electric Generation Feasibility Study requires use of appropriated contingency. The Second Quarter Supplemental Budget allocates the necessary \$23,000 from General Fund contingency for the Police project and \$39,855 from Water Fund contingency for the Hydro-electric project. The adjustment also incorporates the \$39,855 revenue

expectation from Energy Trust grant to fund the total \$79,710 cost of the Hydro-electric Generation Feasibility Study.

3. Children's Park Donations

The last donation transfer of \$198,453 from the Hood River Rotary Foundation occurred in early FY2018-19 instead of late FY2017-18. The budget recognizes this revenue but leaves the funds unappropriated as all Children's Park expenses have been incurred.

4. Stormwater Management Plan

An additional \$20,000 is necessary to complete the City's Stormwater Management Plan. The funds to complete the project are transferred from Stormwater Fund Contingency.

Staff Recommendation: Adopt Resolution No. 2019-01, a Supplemental Budget, to make appropriations and adjust the adopted budget for Fiscal Year 2018-19.

Suggestion Motion: "I move that on tonight's consent agenda the City Council approve Resolution 2019-01, to make appropriations and adjust the budget for Fiscal Year 2018-19."

Alternatives:

- Request additional information from staff.
- Do not approve the Supplemental Budget.

Fiscal Impact:

The attached resolution identifies the adjusted amounts.

Attachments:

Resolution No. 2019-01

RESOLUTION 2019-01

**A RESOLUTION ADOPTING A SUPPLEMENTAL BUDGET FOR
FISCAL YEAR 2018-19 FOR THE CITY OF HOOD RIVER**

WHEREAS, ORS 294.471(1)(a) allows the governing body of a municipal corporation to make one or more supplemental budgets if an occurrence or condition that is not ascertained when preparing the original budget or a previous supplemental budget for the current year or current budget period requires a change in financial planning; and

NOW, THEREFORE, BE IT RESOLVED, by and through the City of Hood River meeting in regular session, City of Hood River City Council hereby adopts the following supplemental budget, makes appropriations, and adjusts the fiscal year 2018-19 Budget as Follows:

FY 2018-19 Budget Category	Current Budget	Increase / (Decrease)	Revised Budget
GENERAL FUND			
Beginning Fund Balance	3,055,255	13,339	3,068,594
Revenues	8,188,690	198,453	8,387,143
Transfers-In	831,395		831,395
Total Resources	12,075,340		12,287,132
Police	2,336,406		2,336,406
Fire	2,362,284		2,362,284
Emergency Medical Services	823,693		823,693
Parks	613,412		613,412
Planning	531,294		531,294
City Council	42,501		42,501
Engineering	164,255		164,255
Municipal Court	125,690		125,690
Parking	618,478		618,478
Non-Department	176,217	23,000	199,217
Debt Service	0		0
Transfers	1,123,743		1,123,743
Contingency	328,000	(23,000)	305,000
<i>Total Appropriations</i>	<i>9,245,973</i>		<i>9,245,973</i>
Unappropriated Fund Balance	2,829,367	211,792	3,041,159
Total Requirements	12,075,340		12,287,132

Summary: Adjusts budgeted Beginning Fund Balance to match audited financials. Slightly higher than budgeted beginning fund balance is left unappropriated. Childrens Park donations received in FY2018-19 as reimbursement for FY2017-18 expenditures is recognized. \$23,000 in Contingency appropriations is transferred for the Police Space Needs Analysis contract approved by City Council.

RESTRICTED REVENUE FUND			
Beginning Fund Balance	1,350,983	(18,865)	1,332,118
Revenues	2,037,306		2,037,306
Transfers-In	13,522		13,522
Total Resources	3,401,811		3,382,946
Building Program	508,775		508,775
LID Assessments	58,661		58,661
Small Grants	21,372		21,372
Fire General Obligation Bonds	0		0
Tourist Promotion Fund	522,154		522,154
CET - Local Program	0		0

CET - Development Incentives	0		0
CET - State OHCS Distribution	25,050		25,050
Public Safety - EMS	0		0
Engineering	0		0
Municipal Court	0		0
Parking	0		0
Debt Service	692,351		692,351
Transfers	831,395	(18,865)	812,530
Contingency	377,950		377,950
<i>Total Appropriations</i>	<u>3,037,708</u>		<u>3,018,843</u>
Unappropriated Fund Balance	364,103		364,103
Total Requirements	3,401,811		3,382,946

Summary: Adjusts budgeted Beginning Fund Balance to match audited financials. Reduces excess transfer authority associated with the return of Parking, EMS, Engineering, and Municipal Court to the General Fund

INTERNAL SERVICE FUND			
Beginning Fund Balance	224,196	(24,543)	199,653
Revenues	1,988,825		1,988,825
Transfers-In	3,839,831		3,839,831
Total Resources	6,052,852		6,028,309
Equipment Maintenance	197,476		197,476
Equipment Replacement	718,895		718,895
Administration	1,150,872		1,150,872
Debt Service	0		0
Transfers	0		0
Contingency	70,500	(24,543)	45,957
<i>Total Appropriations</i>	<u>2,137,743</u>		<u>2,113,200</u>
Unappropriated Fund Balance	3,915,109		3,915,109
Total Requirements	6,052,852		6,028,309

Summary: Adjusts budgeted Beginning Fund Balance to match audited financials. Reduces budgeted contingency appropriations to balance the slightly lower than budgeted beginning fund resources

RESERVES FUND			
Beginning Fund Balance	2,099,437	11,550	2,110,987
Revenues	4,400		4,400
Transfers-In	100,000		100,000
Total Resources	2,203,837		2,215,387
Parking in Lieu	0		0
Affordable Housing	9,000		9,000
Equipment Replacement	0		0
Compensated Absences	106,779		106,779
Parks Facilities Replacement	0		0
Debt Service	0		0
Transfers	1,765,726		1,765,726
Contingency	251,765		251,765
<i>Total Appropriations</i>	<u>2,133,270</u>		<u>2,133,270</u>
Unappropriated Fund Balance	70,567	11,550	82,117
Total Requirements	2,203,837		2,215,387

Summary: Adjusts budgeted Beginning Fund Balance to match audited financials. Slightly higher than budgeted beginning fund balance is left unappropriated.

ROAD FUND			
Beginning Fund Balance	1,845,471	594,401	2,439,872
Revenues	1,672,235		1,672,235
Transfers-In	0		0
Total Resources	3,517,706		4,112,107
Operations	1,801,981		1,801,981
Road SDC	1,100,000		1,100,000
Road Reserve - Equipment Replacement	0		0
Debt Service	0		0
Transfers	67,998		67,998
Contingency	238,826		238,826
<i>Total Appropriations</i>	<i>3,208,805</i>		<i>3,208,805</i>
Unappropriated Fund Balance	308,901	594,401	903,302
Total Requirements	3,517,706		4,112,107

Summary: Adjusts budgeted Beginning Fund Balance to match audited financials. Higher than budgeted beginning fund balance is left unappropriated.

WATER FUND			
Beginning Fund Balance	2,635,259	41,436	2,676,695
Revenues	2,974,142	39,855	3,013,997
Transfers-In	54,414		54,414
Total Resources	5,663,815		5,745,106
Operations	2,503,588	79,710	2,583,298
System Development Charges	620,500		620,500
USDA Waterline Debt Reserve	0		0
Water Reserve - Equip Replacement	0		0
Debt Service	899,105		899,105
Transfers	247,610		247,610
Contingency	125,000	(39,855)	85,145
<i>Total Appropriations</i>	<i>4,395,803</i>		<i>4,395,803</i>
Unappropriated Fund Balance	1,268,012	41,436	1,349,303
Total Requirements	5,663,815		5,745,106

Summary: Adjusts budgeted Beginning Fund Balance to match audited financials. Slightly higher than budgeted beginning fund balance is left unappropriated. Appropriates a \$39,855 Energy Trust Grant and transfers \$39,855 from contingency for a Hydro-electric Feasibility Study for the City's waterline.

SEWER FUND			
Beginning Fund Balance	3,460,939	683,684	4,144,623
Revenues	4,162,590		4,162,590
Transfers-In	1,082,431		1,082,431
Total Resources	8,705,960		9,389,644
Operations			
Distribution	1,473,211		1,473,211
Waste Water Treatment Plant	2,600,850	130,000	2,730,850
System Development Charges	943,000		943,000
USDA SLARRA	582,431		582,431
USDA Indian Creek Debt Reserve	0		0
Sewer Reserve - Equip. Replacement	0		0
Debt Service	428,978		428,978
Transfers	1,976,426		1,976,426
Contingency	195,000	200,000	395,000

	<i>Total Appropriations</i>	<u>8,199,896</u>		8,199,896
Unappropriated Fund Balance		<u>506,064</u>	353,684	<u>1,189,748</u>
	Total Requirements	<u>8,705,960</u>		<u>9,389,644</u>

Summary: Adjusts budgeted Beginning Fund Balance to match audited financials. \$130,000 is appropriated from this carryforward from previous years for WWTP Digester Cleaning which was anticipated to occur in FY2017-18 but will now be completed in FY2018-19. f\$200,000 is added to Contingency for the case that the WWTP WAS Pump can be completed in the current fiscal year. The remainder of the higher than budgeted beginning fund balance is left unappropriated.

STORMWATER FUND				
Beginning Fund Balance		614,449	(53,280)	561,169
Revenues		684,640		684,640
Transfers-In		<u>85,000</u>		<u>85,000</u>
	Total Resources	<u>1,384,089</u>		<u>1,330,809</u>
Operations		690,069	20,000	710,069
Systems Development Charges		410,000		410,000
Stormwater Reserve - Equip. Replacement		0		0
Debt Service		0		0
Transfers		180,514	(53,280)	127,234
Contingency		<u>50,000</u>	(20,000)	<u>30,000</u>
	<i>Total Appropriations</i>	<u>1,330,583</u>		<u>1,277,303</u>
Unappropriated Fund Balance		<u>53,506</u>		<u>53,506</u>
	Total Requirements	<u>1,384,089</u>		<u>1,330,809</u>

Summary: Adjust budgeted Beginning Fund Balance to match audited financials. Lower than budgeted beginning balance is due primarily to the timing of an equipment purchase and is offset by a reduction in the transfer to the consolidated equipment replacement fund. \$20,000 is transferred from contingency to support continued work on the City's Stormwater Management Plan

Approved by the City of Hood River City Council on this 25th day of February, 2019, to take effect immediately.

Paul Blackburn, Mayor

ATTEST:

Jennifer Gray, City Recorder