

**RESOLUTION 2014-07
CITY OF MOLALLA**

**A RESOLUTION AMENDING RESOLUTION 2013-10, MAKING APPROPRIATIONS FOR THE
FISCAL YEAR 2013/2014.**

The City Council of the City of Molalla, Oregon, on the 25th day of June, 2014t during regular session for the transaction of City business.

WHEREAS: On June 12, 2013, the Molalla City Council passed Resolution 2013-10, adopting a budget, making appropriations, imposing and categorizing taxes for fiscal year 2013/2014; and

WHEREAS: Appropriations can be transferred within a fund from an existing appropriation category to another existing appropriation category by resolution or ordinance as long as the net change in the fund's total appropriations is zero; and

WHEREAS: Operating contingencies were created in funds and can be used as long as the contingency appropriation is reduced and the receiving appropriation category is increased by the same amount so the fund remains in balance; and the amount which may be transferred from contingency by resolution is limited to 15 percent of the total appropriations in the fund.

WHEREAS: Municipal governments receive revenues that need to be recognized and appropriated for use.

NOW, THEREFORE, THE CITY OF MOLALLA RESOLVES: as follows:

1. Authorizes the appropriation changes as outlined in exhibit A;
2. Authorizes the Finance Director to amend the FY 2013/2014 budget to reflect the changes in Exhibit A.

Adopted by the City Council this 25th day of June, 2014.

Debbie Rogge, Mayor

ATTEST:

Sadie Cramer, City Recorder

EXHIBIT A

The following is taken from the Oregon Department of Revenue, Local Budgeting Manual, Property Tax Division:

Resolution transfers

The adopted budget may include budgeted transfers of resources between funds. In addition, it often becomes necessary after the budget is adopted to transfer appropriation authority (and in some cases, resources) from one fund to another or between appropriation categories within the same fund. The governing body may authorize some transfers of appropriation authority by passing a resolution or ordinance. A transfer of appropriation authority is a decrease of one existing appropriation and a corresponding increase of another existing appropriation, with no net change in the total amount of all appropriations [OAR 150-294.450(3)(1)]. In general, a resolution may not be used to authorize the creation of a new appropriation category that does not already exist.

Intrafund transfers (Transfers within the same fund)

Appropriations can be transferred within a fund from an existing appropriation category to another existing appropriation category by resolution or ordinance. For example, appropriation authority can be transferred from a fund's existing materials and services appropriation to the fund's existing capital outlay appropriation.

The materials and services category is decreased and capital outlay is increased by an equal amount. The net change in the fund's total appropriations is zero. Intrafund resolution transfers do not require the transfer of resources. No additional revenue is received by the fund; the expenditures are just shifted from one appropriation category to another.

Contingency transfers

A common situation in which appropriations are transferred from one category to another within a fund is when a specific need is identified for money that was budgeted and appropriated as operating contingency. To make the expenditure, the appropriation authority must be transferred from the contingency category to the appropriation category from which it will be expended. The contingency appropriation is reduced and the receiving appropriation category is increased by the same amount so the fund remains in balance. 150-504-420 (Rev. 05-12) 68

The amount which may be transferred from contingency by resolution is limited to 15 percent of the total appropriations in the fund [ORS 294.463(2), renumbered from 294.450(2)]. Transfers of contingency which in total exceed 15 percent in a year may be made only after adopting a supplemental budget for that purpose. If there is no existing appropriation in the category in which the desired expenditure falls, a supplemental budget is required to create the new appropriation.

Example of the 15 percent calculation: If the appropriations in a fund total \$100,000, including \$20,000 for general operating contingency, only 15 percent, or \$15,000, of the appropriations, may be

transferred from the contingency appropriation by resolution or ordinance. The remaining \$5,000 of contingency can be transferred only through a supplemental budget.

Specific purpose grants and gifts

Expenditure of grants, gifts, bequests or devises transferred to the local government in trust for a specific purpose may be made after enactment of an appropriation resolution or ordinance authorizing the expenditure [ORS 294.338(2), renumbered from 294.326(2)].

Therefore, using the previously stated guidelines as a foundation, the finance department recommends a resolution adjustment to the FY 2013/2014 budget as follows:

a) Interfund transfer with a net change in the fund’s total appropriation equaling zero.

1. SALLY FOX PARK FUND

- Original appropriation under resolution 2013-10:

Sally Fox Park Fund	
Materials & Services	\$ 2,781.00
Reserve	<u>\$96,303.00</u>
TOTAL APPROPRIATED	\$99,084.00
- During the budget cycle for FY 2013/2014 the staff was under the existing conditions of the trust ordering the endowment amount be held in reserves and the interest on the endowment amount be available for capital project in the Sally Fox Park.
- In January 2014, the City Attorney and the Finance Department petitioned Clackamas County Circuit for an Order of Modification of Trust. The Court ordered that the “City of Molalla is authorized to remove the restriction against invading the principal of the Trust Funds, and is to use said Funds for a project, maintenance, or upkeep of the Sally Fox Memorial Park.”
- Administration prepared potential projects, presented to the parks board, board recommended the splash pad option #2 improvement, and project was then approved by the Molalla City Council.
- Budgetary Change requested:

Sally Fox Park Fund	
Materials & Services	\$99,084.00
Reserve	<u>\$ 0.00</u>
TOTAL APPROPRIATED	\$99,084.00

Overall net change \$0

2. AQUATIC CENTER

- Original appropriation under resolution 2013-10:

Aquatic Center Fund	
Personnel Service	\$213,650.00
Materials & Services	\$170,707.00
Capital Outlay	\$ 15,000.00
Contingency	<u>\$ 8,399.00</u>
TOTAL APPROPRIATED	\$407,756.00
Unappropriated Ending Balance	\$ 24,293.00

- During the budget cycle the capital improvement budget was earmarked for a solar blanket. Unforeseen maintenance repairs were more pressing than the capital acquisition.
- Budgetary Change requested:

Aquatic Center Fund		
Personnel Service	\$213,650.00	
Materials & Services	\$180,707.00	
Capital Outlay	\$ 5,000.00	
Contingency	<u>\$ 8,399.00</u>	
TOTAL APPROPRIATED	\$407,756.00	
Unappropriated Ending Balance	\$ 24,293.00	Overall net change \$0
- The \$10,000.00 reduction in capital outlay and increase in materials and services will directly be reflected in the building/equipment repair and maintenance general ledger line code.

b) Contingency transfer

1. AQUATIC CENTER

- Original appropriation under resolution 2013-10:

Aquatic Center Fund		
Personnel Service	\$213,650.00	
Materials & Services	\$170,707.00	
Capital Outlay	\$ 15,000.00	
Contingency	<u>\$ 8,399.00</u>	
TOTAL APPROPRIATED	\$407,756.00	
Unappropriated Ending Balance	\$ 24,293.00	
- 15% maximum adjustment for contingency reallocation without a supplemental budget for the aquatic center would be $\$407,756.00 \times 15\% = \$61,163.40$. Therefore the reallocation of the \$8,399.00 contingency is under the maximum.
- Budgetary Change requested: (Including above aquatic center request)

Aquatic Center Fund		
Personnel Service	\$213,650.00	
Materials & Services	\$189,106.00	
Capital Outlay	\$ 5,000.00	
Contingency	<u>\$ 0.00</u>	
TOTAL APPROPRIATED	\$407,756.00	
Unappropriated Ending Balance	\$ 24,293.00	Overall net change \$0
- The \$8,399.00 will be evenly distributed between the general ledger line codes for Chlorine & Chemical and the General Liability Insurance line codes.

2. STORM WATER FUND

- Original appropriation under resolution 2013-10:

Storm Water Fund

Materials & Services	\$ 75,896.00
Capital Outlay	\$ 5,000.00
Contingency	\$ 25,000.00
TOTAL APPROPRIATED	\$105,896.00
Unappropriated Ending Balance	\$ 12,928.00

- 15% maximum adjustment for contingency reallocation without a supplemental budget for the storm water fund would be $\$105,896.00 \times 15\% = \$15,884.40$. Therefore the reallocation of the full contingency is over the maximum without a supplemental budget. Finance recommends the reallocation of only the 15% or $\$15,884.40$ to cover the capital equipment purchase allocation to the storm fund.
- Budgetary Change requested:

Storm Water Fund

Materials & Services	\$ 75,896.00	
Capital Outlay	\$ 20,884.40	
Contingency	<u>\$ 9,115.60</u>	
TOTAL APPROPRIATED	\$105,896.00	
Unappropriated Ending Balance	\$ 12,928.00	Overall net change \$0

3. SEWER FUND

- Original appropriation under resolution 2013-10:

Sewer Fund

Materials & Services	\$1,066,158.00
Capital Outlay	\$ 65,000.00
Transfers	\$ 425,500.00
Contingency	<u>\$ 100,000.00</u>
TOTAL APPROPRIATED	\$1,656,658.00
Unappropriated Ending Balance	\$ 472,971.00

- 15% maximum adjustment for contingency reallocation without a supplemental budget for the sewer fund would be $\$1,656,658.00 \times 15\% = \$248,498.70$. Therefore the reallocation of the $\$100,000.00$ contingency is under the maximum. Finance recommends an even disbursement of $\$50,000.00$ to each capital outlay to cover equipment acquisitions and $\$50,000.00$ to materials & services for operations, professional services, safety gear, and chemicals.
- Budgetary Change requested:

Sewer Fund

Materials & Services	\$1,116,158.00
Capital Outlay	\$ 115,000.00

Transfers	\$ 425,500.00	
Contingency	<u>\$ 0.00</u>	
TOTAL APPROPRIATED	\$1,656,658.00	
Unappropriated Ending Balance	\$ 472,971.00	Overall net change \$0

4. STREET FUND

- Original appropriation under resolution 2013-10:

Street Fund

Materials & Services	\$ 570,684.00
Capital Outlay	\$ 118,000.00
Contingency	<u>\$ 100,000.00</u>
TOTAL APPROPRIATED	\$ 788,684.00
Unappropriated Ending Balance	\$ 86,299.00

- 15% maximum adjustment for contingency reallocation without a supplemental budget for the street fund would be $\$788,684.00 \times 15\% = \$118,302.60$. Therefore the reallocation of the \$100,000.00 contingency is under the maximum. Finance recommends a disbursement of \$90,000.00 to capital outlay to cover equipment acquisitions, street patch, and sidewalk upgrades and \$10,000.00 to materials & services for operations and signage.

- Budgetary Change requested:

Street Fund

Materials & Services	\$ 580,684.00	
Capital Outlay	\$ 208,000.00	
Contingency	<u>\$ 0.00</u>	
TOTAL APPROPRIATED	\$ 788,684.00	
Unappropriated Ending Balance	\$ 86,299.00	Overall net change \$0

5. GENERAL FUND

- Original appropriation under resolution 2013-10:

Personnel Services

Office of Governance & Mgmt	\$ 421,650.00
Police Service	\$1,611,305.00
Municipal Court	\$ 101,150.00
Planning	\$ 12,000.00

Materials & Services

Office of Governance & Mgmt	\$ 302,600.00
Police Service	\$ 436,200.00
Municipal Court	\$ 97,750.00
Planning	\$ 48,700.00

Capital Outlay

Office of Governance & Mgmt	\$ 15,000.00
Police Service	\$ 20,000.00
Transfers	
Office of Governance & Mgmt	\$ 140,000.00
Contingency	
Office of Governance & Mgmt	<u>\$ 100,000.00</u>
TOTAL APPROPRIATED	\$3,306,355.00
Unappropriated Ending Balance	\$ 341,788.00

- 15% maximum adjustment for contingency reallocation without a supplemental budget for the general fund would be \$3,306,355.00 X 15% = \$495,953.25. Therefore the reallocation of the \$100,000.00 contingency is under the maximum. Finance recommends a disbursement of \$15,000 to Personnel Service Municipal Court to cover the contract employee hire of the prosecuting attorney.

- Budgetary Change requested:

Personnel Services

Office of Governance & Mgmt	\$ 421,650.00
Police Service	\$1,611,305.00
Municipal Court	\$ 116,150.00
Planning	\$ 12,000.00

Materials & Services

Office of Governance & Mgmt	\$ 302,600.00
Police Service	\$ 436,200.00
Municipal Court	\$ 97,750.00
Planning	\$ 48,700.00

Capital Outlay

Office of Governance & Mgmt	\$ 15,000.00
Police Service	\$ 20,000.00

Transfers

Office of Governance & Mgmt	\$ 140,000.00
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Contingency

Office of Governance & Mgmt	<u>\$ 85,000.00</u>
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TOTAL APPROPRIATED \$3,306,355.00

Unappropriated Ending Balance \$ 341,788.00 Overall net change \$0

c) Specific purpose grants and gifts

After the budget process for FY 2013/2014 the City of Molalla received \$20,000 in TAP grant funds to distribute to the local grant awardees. These revenues were received into the Grant Fund: grant revenues line item and distributed through the grant disbursements under materials & services. The grant fund was developed by City Council under resolution 2013-13.

- Budgetary Change requested:

Grant Fund

Grant Revenues	\$35,000.00
Materials & Services	\$35,000.00
TOTAL APPROPRIATED	\$35,000.00

In addition, the City recognizes the reimbursement for the Adult Center contract with County for senior services rendered while the City had stewardship over those services. The disbursement was due in 4th quarter 2012/2013, but not received until 2nd quarter 2013/2014. These fees covered completely the June 2013 cost allocation and the unemployment liability. The adult center fund balance is zero, has had no activity in over six (6) months, and is a closed fund. It will appear in future budget documents with zero allocations until fiscal year 2017/2018 to be in full compliance with Oregon budget law as it related to the presentation of audited actuals.

- Budgetary Change requested:

Adult Center Fund

County Contract Revenues	\$18,556.14
Personnel Services	\$17,716.13
Materials & Services	\$ 2,223.46
TOTAL APPROPRIATED	\$18,556.14

Notes for the budget year 2013/2014, some revenue line items (primarily SDC fees) came in higher than budgeted. Past practice has been to budget for 10 single family residential home SDC's, as we move forward through some SDC eligible projects the budget committee will need to identify revenue pattern to more skillfully project potential revenues, or reconvene if needed for a specific project. The City is not formally going to recognize the revenues in FY 2013/14 as they are not going to be allocated for use in this fiscal cycle. The funds will roll over with the unappropriated ending fund balance and will be the beginning balance for fiscal year 2014/2015 and the expenditure allocation will be addressed in the budget deliberation process.