



Staff Report

Meeting Date: September 4, 2018
From Tyler Deems, Finance Director
SUBJECT: Supplemental Budget

Background:

The purpose of this supplemental budget is to account for additional revenue in the General Fund, transfer this revenue to various departments within the General Fund, as well as to Aquatic/Recreation Fund. Additionally, the Transit and Telecommunications Funds were in need of some housekeeping. A summary of the changes can be seen below. Local Budget Law allows for changes to an adopted budget via the supplemental budget process in certain cases (ORS Chapter 294). Additionally, it is required that any fund with changes in expenditures of over 10% are subject to a Public Hearing.

General Fund

The General fund brought forward a higher than budgeted beginning fund balance in Fiscal Year (FY) 2017-2018. The total amount of this difference was \$209,652. Additionally, we received \$61,872 in miscellaneous revenue that was not budgeted. The total of these two adjustments is \$271,524 will be transferred to four other areas: Council, Police, Non-Departmental, and the Aquatic Recreation Fund. \$5,000 will be transferred to Council to cover additional materials and services.

\$102,449 will be transferred to Police. As a result of the loss of the Estacada Contract, it was necessary to do a full review of the Police budget. This supplemental budget accounts for the loss of the contract, revenue from the COPS grant that we were recently awarded, as well as an interfund loan from the Transit Fund to cover capital outlay, not to exceed \$356,272. The capital outlay expense is related to, among other items, the purchase of new computers and radios. The result of all the aforementioned changes is a new decrease to the Police budget of \$55,102.

Non-Departmental had a lower than budgeted beginning balance due to spending in Spring 2017 related to the clean-up of the old City Shops property. As such, it was necessary to review this budget and clean up where appropriate. Of the excess revenue mentioned above, \$56,000 is being transferred to Non-Departmental. Personnel services has been reduced to \$0, as there is no plan to hire any staff at this time who

will be paid out of this department. Lastly, \$350,000 is being transferred from Contingency to the Aquatic/Recreation Fund to ensure the continued operation of the pool through the remainder of the biennium.

Aquatic/Recreation Fund

As many of you may remember, when we went through the budget process for the 2017-2019 Biennium, there were many unknowns for this fund. Having now opened the pool, and been operational for approximately two months, we have a much better idea of what the true revenue and expenses are. To continue operations through the remainder of the biennium, we will transfer \$108,075 from the General Fund excess mentioned above, along with an additional \$350,000 from Non-Departmental Contingency. We are anticipating total revenue from operations to be \$98,700.

As expected, the largest expense in operating the pool is personnel services. Just behind that is materials and supplies. A good portion of this was related to start up costs that were required prior to opening the pool. Now that the pool has opened these costs will level out. We have also budgeted a small contingency of \$17,096.

Transit Fund

The Transit Fund has received some additional revenue in the form of a grant to assist in paying for the remodel of the wash-bay. Additionally, this supplemental budget reflects revenue from Clackamas County for our services in managing the extended bus service up the mountain, which offsets the salary expense of our Transit Program Administrator. Lastly, the Transit Fund will be extending two interfund loans, one to Police (mentioned above, not to exceed \$356,272), and one to Telecommunications (\$500,000). Both of these loans are for capital purposes, and, as allowed by ORS, are on a ten year repayment schedule. It is our anticipation to pay these loans off earlier than that as funds become available. The contingency for this fund has been reduced to account for the two interfund loans mentioned above.

Telecommunications Fund

Originally it was budgeted that the Sewer Bond Reserve Fund would loan Telecommunications \$500,000 but in a prior supplemental budget we cancelled that plan, and are now revisiting the Telecommunications budget to approve the loan from the Transit Fund. The remainder of the changes in this fund are housekeeping in nature, and account for a cleaner projection of year end revenue and expenses based on where numbers are at currently, midway through the biennium.

SUMMARY OF PROPOSED BUDGET CHANGES

AMOUNTS SHOWN ARE REVISED TOTALS IN THOSE FUNDS BEING MODIFIED

FUND: General Fund (General Revenue)

Resource	Amount	Requirement	Amount
1 Beginning Balance	550,124	Transfers	8,933,624
2 Revenue	8,445,372		
Changes to General Revenue			
- Total Appropriations	271,524		271,524
Revised Total General Revenue Resources	8,995,496	Revised Total General Revenue Requirements	8,995,496

Comments:

1. Increase Beginning Balance to recognize larger carryforward than budgeted.
2. Increase to recognize the miscellaneous revenue from clean up of balance sheet.

FUND: General Fund (Council)

Resource	Amount	Requirement	Amount
Revenue	5,000	1 Materials & Services	5,000
Changes to Council			
Total Appropriations	5,000		5,000
Revised Total Council Resources	70,952	Revised Total Council Requirements	70,952

Comments:

1. Increase to absorb expense related to marketing and branding.

FUND: General Fund (Police)

Resource	Amount	Requirement	Amount
Beginning Balance	(159,780)	1 Personnel Services	4,586,412
Revenue	1,436,023	2 Materials & Services	736,675
General Revenue	4,580,029	3 Capital Outlay	378,056
Interfund Loan Proceeds	356,272		
Changes to Police			
Total Appropriations	(55,102)		(55,102)
Revised Total Police Resources	6,473,601	Revised Total Police Requirements	6,473,601

Comments:

1. Decrease as a result of future staffing changes related to the loss of the Estacada contract.
2. To account for purchase of required supplies and other materials.
3. To account for updated cost of new radios and computers.

FUND: General Fund (Non-Departmental)

Resource	Amount	Requirement	Amount
Beginning Balance	309,457	1 Personnel Services	-
General Revenue	950,915	2 Materials & Services	440,442
Revenue	29,500	3 Capital Outlay	154,674
		4 Transfers	652,502
		5 Contingency	240,878
Changes to Non-Departmental			
Total Appropriations	(102,419)		(102,419)
Revised Total Non-Departmental Resources	1,498,141	Revised Total Non-Departmental Requirements	1,498,141

Comments:

1. Remove from budget, as there is no plan to hire any staff at this time for this department.
2. Reduce to account for reduction in expected expenses.
3. Reduce to account for some expnses budgeted to other departments/funds.
4. Increase to account for transfer to Aquatic/Recreation Fund.
5. Decrease to account for transfer to Aquatic/Recreation Fund.

FUND: Transit Fund

Resource	Amount	Requirement	Amount
Beginning Balance	1,881,428	1 Personnel Services	479,795
Revenue	3,845,837	2 Materials & Services	1,938,625
		3 Capital Outlay	1,291,279
		4 Transfers	1,024,706
		5 Contingency	992,860
Changes to Transit Fund			
Total Appropriations	153,374		153,374
Revised Total Fund Resources	5,727,265	Revised Total Fund Resources	5,727,265

Comments:

1. To increase the Personnel Services to account for Transit Administrative Assistant, offset by Other Agencies Revenue.
2. Increase to account for higher than budgeted insurance costs.
3. Updated to include washbay improvements, covered 80% by grant revenue.
4. Two interfund loans: \$500,000 to SandyNet and \$356,272.37 to Police. This will cover capital outlay for both.
5. Decrease contingency to cover the issuance of interfund loans mentioned above.

FUND: Telecommunications Fund				
Resource	Amount	Requirement		Amount
Beginning Balance	(660,819)	1 Personnel Services		1,150,479
Revenue	3,476,940	2 Materials & Services		552,356
		3 Debt Service		1,383,299
		4 Transfers		99,732
		5 Contingency		476
Changes to Telecommunications Fund				
Total Appropriations	(159,167)			(159,167)
Revised Total Fund Resources	3,747,444	Revised Total Fund Resources		3,747,444
Comments:				
1. Updated personnel costs related to staffing changes.				
2. Reduce to reflect lower than anticipated supplies and fees.				
3. A small reduction in debt service payments, as the interfund loan is being processed later than originally anticipated.				
4. Eliminate transfer to Ops Center - Tools and Equipment now stored at SCC.				
5. Reduce to cover other operational and capital expenses.				

FUND: Aquatic/Recreation Fund				
Resource	Amount	Requirement		Amount
Revenue	98,700	1 Personnel Services		294,096
Transfer from Non-Departmental	350,000	2 Materials & Services		277,784
General Revenue	241,180	3 Capital Outlay		8,000
		4 Contingency		17,096
Changes to Aquatic/Recreation Fund				
Total Appropriations	556,775			556,775
Revised Total Fund Resources	689,880	Revised Total Fund Resources		689,880
Comments:				
1. Increase Personnel Services to account for additional staffing.				
2. Increase Materials & Services to account for additional supplies and utilities expenses.				
3. To account for purchase of computers and other equipment.				

Recommendation:

Make a motion to approve Resolution No. 2018-27 to adopt the Supplemental Budget for the 2017 - 2019 Biennium.



NO. 2018-27

A Resolution of the City of Sandy Adopting a Supplemental Budget for the 2017 - 2019 Biennium

Whereas, the City of Sandy has adopted a biennial budget for the period July 1, 2017 - June 30, 2019. Local budget Law (ORS Chapter 294) allows for changes to the adopted budget via supplemental budget in certain cases; and

Whereas, ORS 294.473 allows for the governing body to adopt a supplemental budget after a public hearing if the total expenditure changes are greater than 10% of the current adopted budget; and

Whereas, the City of Sandy brought forward additional revenue in the General Fund, which could be used to provide better service and offset unexpected costs in various and departments and funds; and

Whereas, the City of Sandy received additional revenue from other other agencies (from both service contracts and grants) that was not budgeted in the Transit Fund, as well as will incur additional expenses that were not budgeted; and

Whereas, the City of Sandy lost a service contract that provided the Sandy Police Department with a large source of revenue, and that unexpected loss of revenue required adjustments to the Sandy Police Department Budget; and

Whereas, to continue the current operations of Olin Bignall Aquatic Center, it is necessary to use contingency funds from Non-Departmental; and

Whereas, additional expenditures cannot be made unless the governing body enacts a resolution authorizing the expenditures.

NOW, THEREFORE, BE IT RESOLVED by the City Council of the City of Sandy that the following budgets be amended as follows:

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This resolution is adopted by the Common Council of the City of Sandy and approved by the Mayor this 04 day of September 2018

William King, Mayor

ATTEST:

Karey Milne, City Recorder