

RESOLUTION NO. 3536

A RESOLUTION OF THE NEWPORT CITY COUNCIL  
TRANSFERRING APPROPRIATIONS TO CORRECT THE CITY'S FISCAL YEAR  
2010 NEGATIVE ENDING FUND BALANCES

**WHEREAS**, the City of Newport is responsible to its citizens for the care and management of public funds; and

**WHEREAS**, the City's Audit for Fiscal Year 2010 identified five funds with negative fund balances; and

**WHEREAS**, the City must conform to Oregon Budget Law, which states that "Deficit fund balances are a violation of Local Budget Law," (p. 23)

**NOW, THEREFORE THE CITY OF NEWPORT RESOLVES AS FOLLOWS:** that the appropriations described at Attachment A, hereby be transferred and approved.

This resolution will become effective immediately upon passage.

Adopted by the Newport City Council on April 4, 2011.

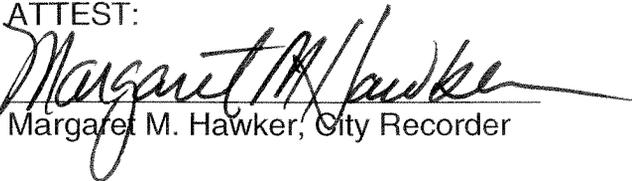
Approved by the Mayor of the City of Newport, Oregon, on April 9, 2011.

CITY OF NEWPORT



Mark McConnell, Mayor

ATTEST:



Margaret M. Hawker, City Recorder

ATTACHMENT A

**INTERFUND TRANSFER FROM/TO SELECTED FUNDS  
FOR NEGATIVE FUND BALANCE CORRECTION**

**Step 1 - Intrafund Transfer of Contingency Appropriations**

Fund	Contingency	Transfer Out	Adjusted
General Fund	501,610	(471,399)	30,211
Water Fund	756,276	(114,171)	642,105
Wastewater Fund	1,389,643	(209,786)	1,179,857
Line UG Fund	79,431	(11,991)	67,440
<b>Totals</b>	<b>2,726,960</b>	<b>(807,347)</b>	<b>1,919,613</b>

**Step 2 - Interfund Transfer**

Fund	Beg Balance:		Adjusted
	Xfer In	Transfer In	
Airport Ops	-	20,503	20,503
Airport FBO	-	157,157	157,157
Street Fund	-	248,064	248,064
Parks & Rec Fund	-	45,675	45,675
Bond Indebtednes	-	335,948	335,948
<b>Totals</b>	<b>-</b>	<b>807,347</b>	<b>807,347</b>

# LAST YEAR'S ENDING FUND BALANCES



AND WHAT TO DO ABOUT THEM

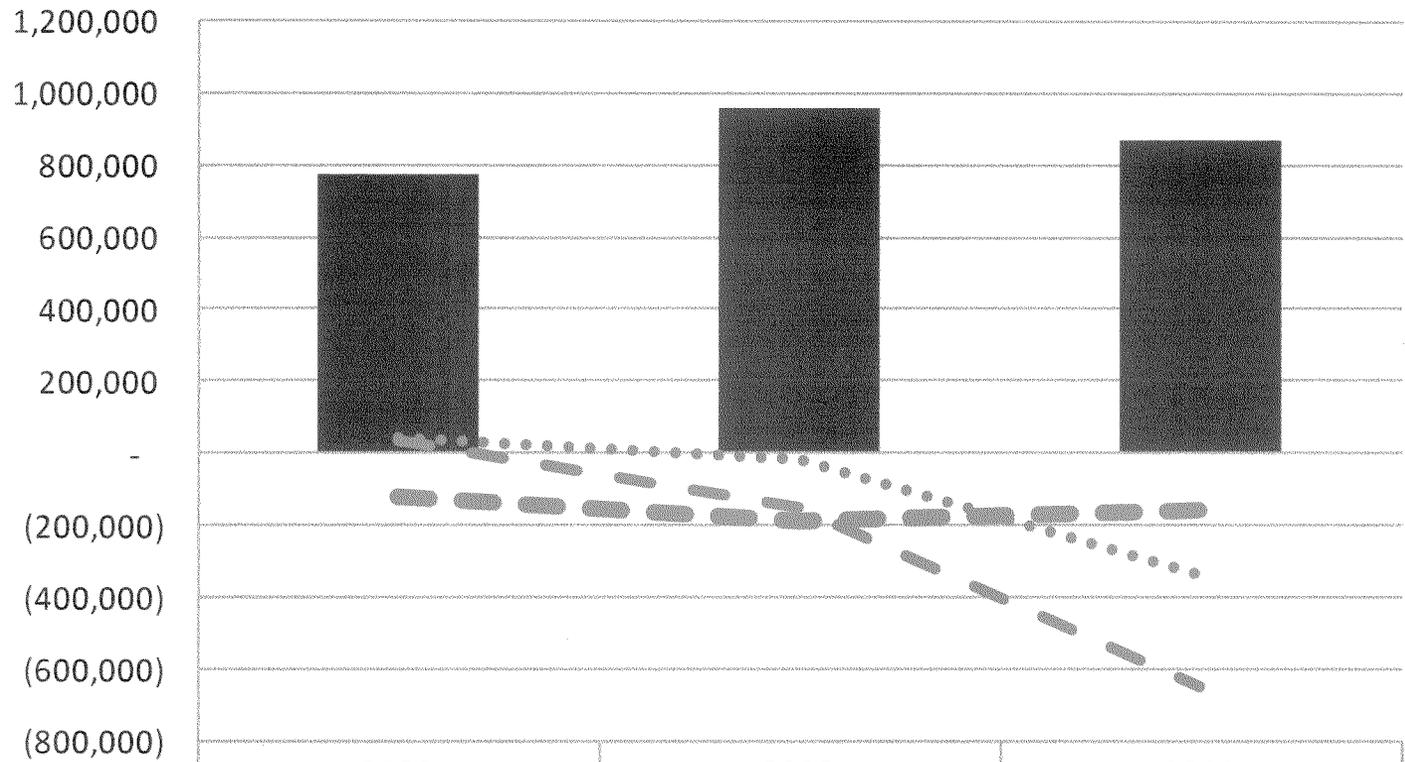
# REVIEW

- THE FISCAL YEAR 2010 AUDIT INDICATED THAT THE CITY HAD FIVE FUNDS WITH NEGATIVE FUND BALANCES
- “ACCORDING TO BUDGET LAW, AN ENTITY MUST NOT SPEND MORE THAN IT HAS APPROPRIATED IN ITS BUDGETED FUNDS, CATEGORIES, AND/OR DEPARTMENTS ....”
- SO ... WHAT DO WE DO?

## (Recent) History of *Ending* Fund Balances

Fund	2008	2009	2010
General Fund	775,168	954,105	867,413
Debt Service Fund	41,779	(16,420)	(335,948)
Street Fund	34,964	(153,838)	(648,064)
Parks & Rec Fund	37,788	25,995	(45,675)
Airport Ops	(187,401)	(274,375)	(20,503)
Airport FBO	(121,704)	(188,737)	(157,157)

## (Recent) History of Ending Fund Balances



	2008	2009	2010
General Fund	775,168	954,105	867,413
Debt Service Fund	41,779	(16,420)	(335,948)
Street Fund	34,964	(153,838)	(648,064)
Airport FBO	(121,704)	(188,737)	(157,157)

## Paying for Negative Ending Fund Balances

For Fiscal Year 2010 (Let's ignore the Debt Service Fund for a moment)

Fund	Beginning Fund Balance	Airport Fund	Airport FBO	Street Fund	Parks & Recreation	Genl Debt Service Fund	TOTALS
<b>Beginning Fund Balances:</b>		(20,503)	(157,157)	(648,064)	(45,675)	(335,948)	(1,207,347)
General Fund	846,000	20,503	157,157	248,064	45,675		374,601
Water fund						114,171	114,171
Wastewater Fund						209,786	209,786
Line Undergrounding Fund						11,991	11,991
<b>FY11 Revised Beginning Fund Balance</b>		\$0.00	\$0.00	(\$400,000)	\$0.00	\$0.00	\$ (496,798)

# DEBT SERVICE FUND

- **CONSISTS OF LOCAP LOANS FOR THE FOLLOWING:**
  - FIRE TRUCK AND TENDER
  - STREET SWEEPER
  - JET VAC TRUCK/TRAILER
  - BAY BLVD EXPENSES
- **THE NEGATIVE FUND BALANCE OCCURRED BECAUSE:**
  - OBTAINED THE FUNDS IN '10; ORE. BUDGET LAW DOES NOT REQUIRE A SUPPLEMENTAL BUDGET ... THEREFORE DIDN'T PREPARE ONE. HOWEVER THE EXPENSE "HIT THE BOOKS" IN FY '10, CAUSING AN IMMEDIATE NEGATIVE FUND BALANCE
  - FOR THIS YEAR, IF WE DON'T ELIMINATE THE DEFICIT, WE WILL CARRY IT FORWARD INTO NEXT YEAR

## Paying for Negative Ending Fund Balances

For Fiscal Year 2010 (Let's ignore the Debt Service Fund for a moment)

	Beginning Fund Balance	FY11 Appropriation	Transfer from Contingency	Xfer from Contingency as Pct of Appropriation	Resulting Fund Balance
Bonded Indebtedness Fund	(335,948)		335,948		0.00
Water fund		15,897,380	(114,171)	0.72%	
Wastewater Fund		4,545,649	(209,786)	4.62%	
Line Undergrounding Fund		143,051	(11,991)	8.38%	