



Staff Report

For City Council Meeting - 9/1/2021

Subject - Ordinances/Resolutions - Resolution #963 Bail Trust Bank Account Dissolution

Synopsis: The City of Gearhart has a bank account with Columbia Bank that was originally created for water deposits but has transitioned into a municipal bail trust account. An accounting consultant had recommended transitioning the account because it was no longer being actively used and it would allow municipal transactions to be segregated. Although the idea appeared to be an organizational solution; the accounting consultant failed to review the City of Gearhart's internal processes in terms of collecting and depositing municipal funds. Because credit card payments are processed and deposited into the City's regular operating Columbia Bank account, it created a double entry process to get funds into the correct bank account. The end result of the new method for the bail trust account only ended up creating account confusion and added workload. The municipal bail trust funds can be tracked accurately and more efficiently in the City's regular operating Columbia Bank account. Transactions for the municipal bail trust account will be maintained in the City's chart of accounts (bail trust equity and liability). Simplifying the financial transactions and consolidating bank accounts will also satisfy one of the auditors comments.

Council Options:

- 1) Resolve to dissolve the bail trust bank (*formerly water deposit*) account as described in the attached resolution; or
- 2) Do nothing.

Recommended Motion: Staff recommends the Council resolve to dissolve the trust bank (*formerly water deposit*) account as described in Resolution #963.

Legal Analysis: City staff would be transferring cash from the unnecessary bank account to the City's regular operating bank account and closing the bail trust account. For fiscal transparency and banking requirements, a resolution has been provided.

Financial Analysis: The account currently has a balance of \$15,612.99. Of that balance, \$15,262.98 is municipal bank trust funds, and \$350.01 is water funds.

Respectfully Submitted,

Justine Hill
City Treasurer

RESOLUTION NO. 963

**A RESOLUTION OF THE GEARHART CITY COUNCIL DISSOLVING THE
BAIL TRUST ACCOUNT (FORMERLY WATER DEPOSIT) HELD WITH
COLUMBIA BANK**

WHEREAS, the City currently maintains two financial bank accounts with Columbia Bank. One is the main operating account and the other is a bail trust account (formerly water deposit); and

WHEREAS, the City no longer needs to maintain a separate account for municipal bail trust funds because it can be monitored in the main operating bank account in the City's chart of accounts, and

WHEREAS, the dissolution of the bail trust account would create efficiencies and reduce workload;

NOW, THEREFORE, BE IT RESOLVED, that the Gearhart City Council does hereby authorize the dissolution of the bail trust bank account (formerly water deposit) with Columbia Bank, transferring the fund balance entirely in the amount of \$15,612.99 into the main operating account with \$350.01 designated to water funds and \$15,262.98 in the municipal bail trust account. In the event that interest should accrue on the account before it is closed, interest will be placed in the water fund. This is a cash transfer from one bank account to another, which will dissolve the bail trust account. The municipal bail trust account will be monitored and maintained in the City's chart of accounts.

PASSED AND ADOPTED by the City Council and signed by the City Administrator and myself in authentication of its passage this _____ day of September, 2021.

Paulina Cockrum, Mayor

ATTEST:

Chad Sweet, City Administrator