



## **Staff Report**

For City Council Meeting - 4/5/2023

### ***Subject - Ordinances/Resolutions - Resolution #984 Acknowledging Budgeted Transfer and Authorizing Closure of Fund 25 Water Improvement Construction***

**Synopsis:** The voters of Gearhart had authorized general obligation bonds for the purpose of constructing a municipal water system in Gearhart, Oregon. With the sale of these bonds and the construction of the facility, Fund 25 Water Improvement Construction was added to the City's chart of accounts. The creation of Fund 25 was required to keep a financial classification to maintain the identity of the resources and expenditures for the specific water construction project.

In 2012, construction on the municipal water system project was finalized and the water treatment plant was commissioned. After all expenditures were paid out on the project, there were additional resources remaining. Last year in the budgeting process, the Budget Committee approved a transfer from Fund 25 Water Improvement Construction to Fund 71 Water Reserve. Fund 71 was created by Ordinance 767 to establish a financial reserve fund for the purpose of constructing, reconstructing, repairing, extending, and improving the water system of the City of Gearhart in whole or in part. The transfer keeps resources within a business-type enterprise fund. The transfer also allows Fund 25 Water Improvement Construction to be closed and removed from the budget after the historical data requirements are met.

#### ***Council Options:***

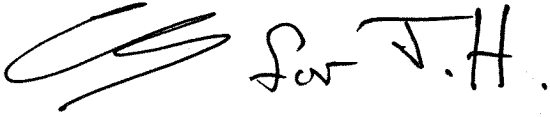
- 1) Resolve to acknowledge a budgeted transfer and dissolve Fund 25 Water Improvement Construction as described in the attached resolution; or
- 2) Take other action desired by Council.

**Recommended Motion:** Staff recommends the Council acknowledge the budgeted transfer and authorize the closure of Fund 25 Water Improvement Construction as described in Resolution #984.

**Legal Analysis:** The City's Budget Committee approved a transfer of any remaining resources from Fund 25 Water Improvement Construction to Fund 71 Water Reserve. Both funds are specifically related to water and are business-type enterprise funds. Oregon Local Budget Law allows a local government's governing body to eliminate unnecessary funds by order (ORS 294.353).

**Financial Analysis:** The financial transfer is \$3,993.57, which consists of account 25-0001 Beginning Fund Balance \$3,955.29 and 25-0039 Interest \$38.28.

Respectfully Submitted,

A handwritten signature in black ink, appearing to read "Justine Hill". The signature is stylized with a large, sweeping initial "J" and "H".

Justine Hill  
City Treasurer

**RESOLUTION NO. 984**

**A RESOLUTION ACKNOWLEDGING BUDGETED TRANSFER AND AUTHORIZING CLOSURE OF FUND 25 WATER IMPROVEMENT CONSTRUCTION**

**WHEREAS**, the voters of Gearhart authorized general obligation bonded indebtedness for the purpose of constructing a municipal water system in Gearhart, Oregon, which created Fund 25 Water Improvement Construction to accurately account for financial transactions; and

**WHEREAS**, the construction expenditures for the purposes of the approved debt on the municipal water system have been finalized; and

**WHEREAS**, Fund 25 Water Improvement Construction is no longer necessary; and

**WHEREAS**, the City’s Budget Committee approved a transfer of any remaining resources from Fund 25 Water Improvement Construction to Fund 71 Water Reserve, which will allow removal from the budget after the historical data requirements are met; and

**WHEREAS**, Oregon Local Budget Law allows a local government's governing body to eliminate unnecessary funds by order (ORS 294.353); and

**NOW, THEREFORE, BE IT RESOLVED**, that the Gearhart City Council acknowledges the transfer of any remaining resources from Fund 25 Water Improvement Construction to Fund 71 Water Reserve; and, allows the authorizing closure of the no longer needed Fund 25 account.

**PASSED AND ADOPTED** by the City Council and signed by the City Administrator and myself in authentication of its passage this \_\_\_\_\_ day of \_\_\_\_\_, 2023.

Yeas: \_\_\_\_\_

Nays: \_\_\_\_\_

Absent: \_\_\_\_\_

Abstain: \_\_\_\_\_

---

Kerry Smith, Mayor

ATTEST:

---

Chad Sweet, City Administrator