

Portland, Oregon

FINANCIAL IMPACT and PUBLIC INVOLVEMENT STATEMENT For Council Action Items

(Deliver original to Financial Planning Division. Retain copy.)

1. Name of Initiator Claudio Campuzano	2. Telephone No. (502)823-6848	3. Bureau/Office/Dept. Bureau of Financial Services
4a. To be filed (date): June 14, 2012	4b. Calendar (Check One) <div style="display: flex; justify-content: space-around;"> Regular <input checked="" type="checkbox"/> Consent <input type="checkbox"/> 4/5ths <input type="checkbox"/> </div>	5. Date Submitted to Commissioner's office and FPD Budget Analyst: June 11, 2012
6a. Financial Impact Section: <input checked="" type="checkbox"/> Financial impact section completed		6b. Public Involvement Section: <input checked="" type="checkbox"/> Public involvement section completed

1) Legislation Title:

Authorize temporary operating loans between various funds to provide interim funding to cover lags in federal, state, and other grant reimbursements (Resolution)

2) Purpose of the Proposed Legislation:

The grants funds, including the Grants Fund and the Community Development Block Grant Fund are reimbursement funds such that all expenses in the fund are expected to be reimbursed by entities outside of the City of Portland (the City). The City accounts for grant reimbursement on a modified accrual basis, per the requirements of Generally Accepted Accounting Principles (GAAP); under this modified accrual basis of accounting, expenses are incurred at the time services are delivered or goods are provided and revenues are recognized when reimbursement is received. This creates a lag between expenses and revenues. This lag in the grants funds can result in temporary negative fund balances. Oregon State Local Budget Law requires that fund balances not be negative at the end of a fiscal year. GAAP requires that governmental funds not end the year with negative cash assets. The reimbursement nature of the grants funds results in the funds frequently carrying negative cash balances. Interfund loans to the Grants Fund are necessary to comply with Local Budget Law and GAAP and such loans must be approved by City Council.

3) Which area(s) of the city are affected by this Council item? (Check all that apply—areas are based on formal neighborhood coalition boundaries)?

- | | | | |
|--|------------------------------------|------------------------------------|--------------------------------|
| <input checked="" type="checkbox"/> City-wide/Regional | <input type="checkbox"/> Northeast | <input type="checkbox"/> Northwest | <input type="checkbox"/> North |
| <input type="checkbox"/> Central Northeast | <input type="checkbox"/> Southeast | <input type="checkbox"/> Southwest | <input type="checkbox"/> East |
| <input type="checkbox"/> Central City | | | |
| <input type="checkbox"/> Internal City Government Services | | | |

FINANCIAL IMPACT

4) Revenue: Will this legislation generate or reduce current or future revenue coming to the City? If so, by how much? If so, please identify the source.

This ordinance will not generate additional revenue. However, it does affect the budgeted revenues for several funds.

5) Expense: What are the costs to the City related to this legislation? What is the source of funding for the expense? (Please include costs in the current fiscal year as well as costs in future years. If the action is related to a grant or contract please include the local contribution or match required. If there is a project estimate, please identify the **level of confidence**.)

Because the amount of the loan will not be known until the year-end close process is well underway, the loan not-to-exceed amounts included in the resolution are very conservative (i.e. high). In the fall, during the year-end close process, once the necessary loan amounts and the responsible bureaus' ability to pay are determined, OMF will execute the necessary loans. While the loans authorized total \$12.45 million because of the conservative estimates, the expected actual loan amounts are projected to be considerably less. The repayment sources for the loans are the grant receivables and are considered to be very secure.

6) Staffing Requirements:

- Will any positions be created, eliminated or re-classified in the current year as a result of this legislation? (If new positions are created please include whether they will be part-time, full-time, limited term, or permanent positions. If the position is limited term please indicate the end of the term.)

No.

- Will positions be created or eliminated in future years as a result of this legislation?

No.

(Complete the following section only if an amendment to the budget is proposed.)

7) Change in Appropriations (If the accompanying ordinance amends the budget please reflect the dollar amount to be appropriated by this legislation. Include the appropriate cost elements that are to be loaded by accounting. Indicate "new" in Fund Center column if new center needs to be created. Use additional space if needed.)

Fund	Fund Center	Commitment Item	Functional Area	Funded Program	Grant	Sponsored Program	Amount

[Proceed to Public Involvement Section — REQUIRED as of July 1, 2011]

PUBLIC INVOLVEMENT

8) Was public involvement included in the development of this Council item (e.g. ordinance, resolution, or report)? Please check the appropriate box below:

☐ YES: Please proceed to Question #9.

☒ NO: Please, explain why below; and proceed to Question #10.

9) If "YES," please answer the following questions:

a) What impacts are anticipated in the community from this proposed Council item?

b) Which community and business groups, under-represented groups, organizations, external government entities, and other interested parties were involved in this effort, and when and how were they involved?


c) How did public involvement shape the outcome of this Council item?

d) Who designed and implemented the public involvement related to this Council item?

e) Primary contact for more information on this public involvement process (name, title, phone, email):

10) Is any future public involvement anticipated or necessary for this Council item? Please describe why or why not.

This resolution is ministerial in nature and is required to comply with local budget law and generally accepted accounting principles.

 Richard F. Gowand Jr., CFO

BUREAU DIRECTOR (Typed name and signature)



CITY OF PORTLAND
OFFICE OF MANAGEMENT AND FINANCE
Sam Adams, Mayor
Kenneth L. Rust, Chief Administrative Officer
Richard F. Goward, Jr., Chief Financial Officer

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**FOR MAYOR'S OFFICE
USE ONLY**

DATE: June 14, 2012

TO: Mayor Sam Adams

FROM: Rich Goward

TITLE: Authorize temporary operating loans between various funds to provide interim funding to cover lags in federal, state, and other grant reimbursements (Resolution)

1. INTENDED THURSDAY FILING DATE: June 14, 2012

2. REQUESTED COUNCIL AGENDA DATE: June 20, 2012

3. CONTACT NAME & NUMBER: Claudio Campuzano

4. PLACE ON: ☐ CONSENT ☐ REGULAR ☒ TIME CERTAIN @ 9:30 (with Over-expenditure Ord)

5. BUDGET IMPACT STATEMENT ATTACHED: ☒ Y ☐ N ☐ N/A

6. (2) ORIGINAL COPIES OF CONTRACTS APPROVED AS TO FORM BY CITY ATTORNEY ATTACHED: ☐ Yes ☐ No ☒ N/A

7. BACKGROUND/ANALYSIS

The grants funds, including the Grants Fund and the Community Development Block Grant Fund are reimbursement funds such that all expenses in the fund are expected to be reimbursed by entities outside of the City of Portland (the City). The City accounts for grant reimbursement on a modified accrual basis, per the requirements of Generally Accepted Accounting Principles (GAAP); under this modified accrual basis of accounting, expenses are incurred at the time services are delivered or goods are provided and revenues are recognized when reimbursement is received. This creates a lag between expenses and revenues. This lag in the grants funds can result in temporary negative fund balances. Oregon State Local Budget Law requires that fund balances not be negative at the end of a fiscal year. GAAP requires that governmental funds not end the year with negative cash assets. The reimbursement nature of the grants funds results in the funds frequently carrying negative cash balances. Interfund loans to the Grants Fund are necessary to comply with Local Budget Law and GAAP and such loans must be approved by City Council.

8. FINANCIAL IMPACT

Because the amount of the loan will not be known until the year-end close process is well underway, the loan not-to-exceed amounts included in the resolution are very conservative (i.e. high).

In the fall, during the year-end close process, once the necessary loan amounts and the responsible bureaus'

An Equal Opportunity Employer

To help ensure equal access to programs, services and activities, the Office of Management & Finance will reasonably modify policies/procedures and provide auxiliary aids/services to persons with disabilities upon request.

ability to pay are determined, OMF will execute the necessary loans. While the loans authorized total \$12.45 million because of the conservative estimates, the expected actual loan amounts are projected to be considerably less.

The repayment sources for the loans are the grant receivables and are considered to be very secure.

9. RECOMMENDATION/ACTION REQUESTED

The Bureau of Financial Services recommends the resolution as written.