

RESOLUTION NO. 2143

A RESOLUTION APPROVING THE CLOSURE OF TWO ACCOUNTS WITHIN THE DEBT SERVICE FUND AND TO TRANSFER THE REMAINING BALANCES TO THE GENERAL FUND.

WHEREAS, the finance department created two special accounts in 1995 for the purpose of recording financial activity associated with local improvement districts #11 (Ridder Road) and #12 (Canyon Creek Road North) and both these accounts were included within the accounting fund budgeted as the Debt Service Fund; and,

WHEREAS, all of the outstanding debt for both local improvement districts has been fully retired and all collections from district participants have been received; and,

WHEREAS, both accounts accumulated surplus cash through lower interest costs due to early principal retirement and collection of administrative fees which were intended to be remitted to the General Fund to pay for debt administration costs; and,

WHEREAS, the surplus cash balance for local improvement district #11 as of July 1, 2008 was \$62,690, and for local improvement district #12 as of July 1, 2008 was \$114,977, for a total of \$177,267; and,

WHEREAS, the special accounts have fulfilled their purpose and the remaining cash balance is no longer necessary for the original purpose of the accounts; and,

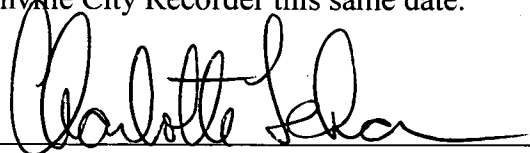
WHEREAS, ORS 294.475 provides that when the necessity for maintaining any fund has ceased to exist and a balance remains in the fund, the governing body may declare those funds to be surplus and transferred to the General Fund; and,

WHEREAS, the transfer of the residual equity of these accounts was included in Resolution 2117 for the adopted budget for fiscal year 2008-09 in the aggregate amount of \$185,290.

NOW, THEREFORE, THE CITY OF WILSONVILLE RESOLVES AS FOLLOWS:

1. Declare the cash balance in both local improvement district accounts #11 and #12 to be surplus and no longer necessary for their original intended purpose.
2. Approve the transfer of the remaining cash balances, #11 of \$62,290 and #12 of \$114,977, for a total of \$177,267, to the General Fund in accordance with ORS 294.475 Elimination of unnecessary fund; disposition of balance.
3. This resolution is effective upon adoption.

ADOPTED by the City Council of the City of Wilsonville at a regular meeting thereof
this 20th day of October 2008, and filed with the Wilsonville City Recorder this same date.



CHARLOTTE LEHAN, MAYOR

ATTEST:



Sandra C. King, MMC, City Recorder

SUMMARY of Votes:
Mayor Lehan Excused
Council President Kirk Yes
Councilor Knapp Yes
Councilor Núñez Yes
Councilor Ripple Yes



**CITY COUNCIL MEETING
STAFF REPORT**

RESOLUTION NO. 2143

A Resolution Approving The Closure Of Two Accounts Within The Debt Service Fund And To Transfer The Remaining Balances To The General Fund

Meeting Date: October 20, 2008
Report Date: October 20, 2008
Source of Item: Finance Department

Contact: Gary Wallis, Finance Director
Telephone No.: 503-570-1511

STAFF'S RECOMMENDATION

Staff recommends approval of the Resolution.

SUMMARY

Accumulated cash balances totaling \$177,267 associated with Local Improvement Districts (LID) #11 (Ridder Road) and #12 (Canyon Creek Road North) would be declared surplus and transferred to the General Fund

BACKGROUND

Both LIDs were created in 1995 to account for road and related infrastructure improvements. Debt was issued to finance the infrastructure work, and property owners adjacent to the improvements signed contracts to repay the city for the incurred debt plus a small administrative charge.

In both districts some of the property owners repaid their obligation to the city early (generally when the property was sold to a new owner). These accelerated payments allowed the city to call the bonds early and reduce the amount of interest paid. The reduced interest is the major contributor to the resulting cash surplus. Also contributing to the surplus is a small administrative fee intended to cover the costs of the Finance Department billing, collecting and managing the debt.

State law proscribes that surplus funds may be transferred to the General Fund following approval of a resolution declaring such balances as surplus and directing the amounts to be transferred. The accompanying resolution provides that guidance.

The closure and transfer of these balances marks the first time in over 30 years that the city has not had any local improvement district debt outstanding.