

BEFORE THE METRO COUNCIL

AN ORDINANCE AMENDING THE FY 1996-97 )	ORDINANCE NO. 97-682
BUDGET AND APPROPRIATIONS )	
SCHEDULE IN THE PARKS AND EXPO FUND )	Introduced by Councilor
TO INCREASE CAPITAL OUTLAY FOR EXPO, )	Ruth McFarland
AND DECLARING AN EMERGENCY )	

WHEREAS, The Metro Council has reviewed and considered the need to transfer appropriations with the FY 1996-97 Budget; and

WHEREAS, The need for a transfer of appropriation has been justified; and


WHEREAS, Adequate funds exist for other identified needs; now, therefore,

THE METRO COUNCIL ORDAINS AS FOLLOWS:


1. That the FY 1996-97 Budget and Schedule of Appropriations are hereby amended as shown in the column entitled "Revision" of Exhibits A and B to this Ordinance for the purpose of transferring \$285,806 from the Regional Parks and Expo Fund Contingency to Expo Center capital outlay for the purpose of providing funds to complete construction of the new exhibit hall and to purchase concessions and catering equipment.

2. This Ordinance being necessary for the immediate preservation of the public health, safety or welfare of the Metro area in order to meet obligations and comply with Oregon Budget Law, an emergency is declared to exist, and this Ordinance takes effect upon passage.

ADOPTED by the Metro Council this 1st day of May, 1997.

  
Jon Kvistad, Presiding Officer

ATTEST:

  
Recording Secretary

Approved as to Form:

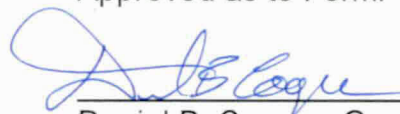
  
Daniel B. Cooper, General Counsel

Exhibit A  
Ordinance No. 97-682

## Regional Parks and Expo Fund

ACCT #	DESCRIPTION	FISCAL YEAR 1996-97		CURRENT BUDGET		REVISION		PROPOSED BUDGET	
		FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT	FTE	AMOUNT
<b>Regional Parks and Greenspaces</b>									
<b>TOTAL EXPENDITURES</b>		<b>49.73</b>	<b>5,441,126</b>	<b>0.00</b>	<b>0</b>	<b>49.73</b>	<b>5,441,126</b>		
<b>Expo Center</b>									
	<b>Total Personal Services</b>	<b>21.03</b>	<b>836,787</b>	<b>0.00</b>	<b>0</b>	<b>21.03</b>	<b>836,787</b>		
	<b>Total Materials &amp; Services</b>		<b>2,197,101</b>		<b>0</b>		<b>2,197,101</b>		
	<b>Total Debt Service</b>		<b>150,000</b>		<b>0</b>		<b>150,000</b>		
	<u>Capital Outlay</u>								
571200	Purchases-Improvements		45,000	0.00	0		45,000		
571300	Buildings, Exhibits & Related		95,000	0.00	0		95,000		
571400	Equipment and Vehicles		49,500	0.00	212,616		262,116		
571500	Purchases-Office Furniture & Equipment		21,000	0.00	0		21,000		
574110	Construction Management		393,000	0.00	0		393,000		
574120	Construction - Architectural Services		214,650	0.00	0		214,650		
574130	Construction - Engineering Services		22,995	0.00	0		22,995		
574190	Construction - Other Constr. Services		89,500	0.00	0		89,500		
574510	Construction - Improve. other than Bldgs		0	0.00	0		0		
574520	Construction Work/Materials-Buildings		11,279,855	0.00	73,190		11,353,045		
	<b>Total Capital Outlay</b>		<b>12,210,500</b>	<b>0.00</b>	<b>285,806</b>		<b>12,496,306</b>		
<b>TOTAL EXPENDITURES</b>		<b>21.03</b>	<b>15,394,388</b>	<b>0.00</b>	<b>285,806</b>	<b>21.03</b>	<b>15,680,194</b>		
<b>General Expenses</b>									
	<b>Total Interfund Transfers</b>		<b>763,415</b>		<b>0</b>		<b>763,415</b>		
	<u>Contingency and Unappropriated Balance</u>								
599999	Contingency								
	* Undesignated		523,528		(285,806)		237,722		
	* Open Spaces Bonds		0		0		0		
599990	Unappropriated Balance								
	* Undesignated		835,822		0		835,822		
	* Restricted (Natural Areas Fund)		1,032,660		0		1,032,660		
	<b>Total Contingency and Unappropriated Balance</b>		<b>2,392,010</b>		<b>(285,806)</b>		<b>2,106,204</b>		
<b>TOTAL FUND REQUIREMENTS</b>		<b>70.76</b>	<b>\$23,990,939</b>	<b>0.00</b>	<b>\$0</b>	<b>70.76</b>	<b>\$23,990,939</b>		

**Exhibit B**  
**Ordinance No. 97-682**  
**FY 1996-97 SCHEDULE OF APPROPRIATIONS**

	Current Budget	Revision	Proposed Budget
<b>REGIONAL PARKS AND EXPO FUND</b>			
Regional Parks and Greenspaces			
Personal Services	\$2,044,403	0	\$2,044,403
Materials & Services	1,498,623	0	1,498,623
Capital Outlay	1,898,100	0	1,898,100
<u>Subtotal</u>	<u>5,441,126</u>	<u>0</u>	<u>5,441,126</u>
Expo Center			
Personal Services	836,787	0	836,787
Materials & Services	2,197,101	0	2,197,101
Debt Service	150,000	0	150,000
Capital Outlay	12,210,500	285,806	12,496,306
<u>Subtotal</u>	<u>15,394,388</u>	<u>285,806</u>	<u>15,680,194</u>
General Expenses			
Interfund Transfers	763,415	0	763,415
Contingency	523,528	(285,806)	237,722
<u>Subtotal</u>	<u>1,286,943</u>	<u>(285,806)</u>	<u>1,001,137</u>
Unappropriated Balance	1,868,482	0	1,868,482
<b>Total Fund Requirements</b>	<b>\$23,990,939</b>	<b>\$0</b>	<b>\$23,990,939</b>

**ALL OTHER APPROPRIATIONS REMAIN AS ADOPTED**

## **MERC STAFF REPORT**

**Agenda Item/Issue:** Approval of amendment to the FY 1996-97 budget for the Expo Center related to anticipated capital expenditures.

**Resolution No. 97-06**

Date: February 12, 1997

Presented by: Heather Teed

**Background and Analysis:** This \$285,806 budget amendment is best explained broken down into the two purposes it serves:

1. To cover the anticipated over-expenditure of budget of \$73,190 associated with the payment of costs incurred in the construction of the new Expo building.

The construction of the new building at Expo is progressing on schedule and under-budget. It is expected that there will be savings on the construction of approximately \$400,000, which will be used to purchase necessary concessions equipment, phones and other furniture necessary for the new building. Thus, we project that the entire \$13.5 million approved for the new building will be spent on construction plus necessary furniture, fixtures and equipment.

Because the construction of the new Expo building straddled two fiscal years, and the costs paid in those fiscal years are anticipated to be slightly different than we had projected in the budget, it is necessary to move \$73,190 from Contingency to Capital Outlay.

Specifically, we anticipated that we would pay \$1.5 million in FY 95-96 and \$12 million in FY 96-97, for a total of \$13.5 million cost; therefore we budgeted only \$12 million in Capital Outlay for the new building costs in the FY 96-97 budget. As it turns out, rather than paying out \$1.5 million in FY 95-96, we paid only \$1,426,810, or \$73,190 less than anticipated. That \$73,190 difference, given the fact that we expect to spend the entire \$13.5 million approved for the building, will be paid in this current fiscal year, along with the other \$12 million. Therefore, it is necessary to move \$73,190 from Contingency to Capital Outlay to cover the overage in budgeted expenditures expected to hit FY 96-97.

2. To cover the anticipated over-expenditure of budget of \$212,616 associated with an accounting change in how we treated the Fine Host proceeds used for capital needs.

Recall that, through the contract, Fine Host agreed to provide and spend funds on behalf of the Expo for necessary capital purchases. The amount of funds provided was \$450,000. For this "loan", the Expo pays approximately \$ 82,000 per year for principal and interest.

**MERC STAFF REPORT**

**Resolution No. 97-6**

**Page 2**

Based on inquiry of and discussions with Metro accounting personnel in early FY 95-96, we accounted for this situation by simply recording the \$82,000 annual payment as a lease payable in the financial records. Given the fact that Fine Host was not only providing the funds, but also spending them on our behalf, we determined it was not necessary to record those dollars and expenditures on our books.

As a result of the annual audit conducted by Peat Marwick, the accounting for the Fine Host loan was adjusted from how it had been reflected in the accounting records. Peat Marwick made the determination that this situation constituted a loan from Fine Host, which necessitated recognizing the loan proceeds as a resource and the purchases as capital expenditures on Expo's books. This determination was made in September/October, 1996.

The reason this affects FY 96-97 is because the entire \$450,000 in loan proceeds was not spent during the previous fiscal year. At June 30, 1996, there was \$212,616 which had not been spent. So, given the required accounting, that meant that FY 95-96 resulted in \$212,616 in unexpended resources falling to Expo's fund balance.

Now in FY 96-97, those remaining dollars (\$212,616) have been spent, and thus, will be recorded as a capital outlay expenditure in this fiscal year. This \$212,616 in capital outlay expenditures was not anticipated nor included in the Adopted Budget for Capital Outlay due to the fact that the final determination of the accounting treatment occurred months after the FY 96-97 budget was adopted. So, it is necessary to move \$212,616 in appropriation from Contingency to Capital Outlay to prevent an over-expenditure of budget.

**Fiscal Impact:** The movement of \$285,806 of Contingency appropriation to Capital Outlay has no impact on the budgeted bottom line net cash flow for Expo. It is necessary to move this appropriation to avoid an over-expenditure of budget, which is a violation of Oregon Budget Law.

**Recommendation:** Staff recommends that the Commission approve the FY 1996-97 budget amendment for the Expo Center related to anticipated capital expenditures.

**METROPOLITAN EXPOSITION-RECREATION COMMISSION**

**Resolution No. 97-06**

Authorizing a budget amendment to the FY 1996-97 Adopted Budget for the Expo Center related to anticipated capital expenditures.

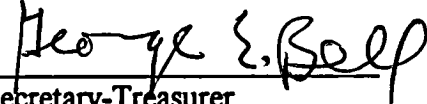
The Metropolitan Exposition-Recreation Commission finds that the following budget amendment is necessary:

	<u>Adopted Budget</u>	<u>Amendment</u>	<u>Revised Budget</u>
Capital Outlay	\$12,210,500	\$285,806	\$12,496,306
Contingency	\$ 380,217	(\$285,806)	\$ 94,411

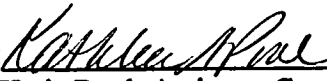
**BE IT THEREFORE RESOLVED** that the Metropolitan Exposition-Recreation Commission hereby approves the above budget amendment and submits it to the Metro Council.

Passed by the Commission on February 12, 1997.

  
\_\_\_\_\_  
Chair

  
\_\_\_\_\_  
Secretary-Treasurer

Approved as to Form:  
Daniel B. Cooper, General Counsel

By:   
\_\_\_\_\_  
Katie Pool, Assistant Counsel

## STAFF REPORT

### CONSIDERATION OF ORDINANCE 97-682 AMENDING THE FY 1996-97 BUDGET AND APPROPRIATIONS SCHEDULE IN PARKS AND EXPO FUND TO FOR CAPITAL EXPENDITURES FOR EXPO; AND DECLARING AN EMERGENCY.

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Date: February 28, 1997

Presented by: Mark Williams  
Norman Kraft

## FACTUAL BACKGROUND AND ANALYSIS

On February 12, 1997, the Metropolitan Exposition-Recreation Commission (MERC) passed Resolution No. 97-06 authorizing adjustments to the budget appropriations of the Expo Center portion of the Parks and Expo Fund. The adjustments are necessary to cover capital expenditures as outlined below:

### Expo Center Construction

The construction of the new building at Expo is progressing on schedule and within the total project budget of \$13.5 million. It is anticipated that there will be a savings of \$400,000 that can be used for necessary concessions equipment, phones and other furniture.

Because the project has taken place over two fiscal years, it was projected that \$1.5 million would be spent in FY 95-96 and \$12 million would be spent in FY 96-97. At the end of FY 95-96 actual expenditures were \$1,426,810 or an underexpenditure of \$73,190 resulting in an overexpenditure of \$73,190 in FY 96-97. In preparing the budget for FY 96-97 funds were included in contingency to cover this type of unforeseen expenditure.

### Fine Host Contract

In the contract between Fine Host and MERC for concession services there is a provision where Fine Host agreed to provide and spend funds on behalf of Expo for capital purchases. The total amount of funds provided was \$450,000. The repayment of this "loan" was \$82,000 annually for principal and interest.

Discussions between accounting staff at Metro and MERC resulted in a decision that for fiscal year 1995-96 the annual payment of \$82,000 would be budgeted and expended as a lease payment

As a result of the annual audit conducted by Peat Marwick, conducted in the Fall of 1996, there was a change in the accounting of the revenue and expenditures. Peat Marwick determined that the \$450,000 was a loan from Fine Host and required that

the amount be recorded as loan proceeds under revenues and that the full capital purchases be recorded in capital outlay.

The reason this effects FY 96-97 is because the entire \$450,000 in loan proceeds were not spent during the previous fiscal year. On June 30, 1996, there was \$212,616 of the loan proceeds unspent. These unspent proceeds became part of the ending fund balance.

Now, in FY 96-97, those remaining dollars have been spent as capital outlay. This additional expenditure was not anticipated nor included in the budget as the decision for the accounting changed happened after the budget was adopted. Therefore, it is necessary to move \$212,616 in appropriations from Contingency to Capital Outlay in the Parks and Expo Fund to avoid an overexpenditure.

FISCAL IMPACT

The total requested budget adjustment of \$285,806, (\$73,190 for Expo Construction and \$212,616 for capital outlay), are reflected in the below.

	Current Budget	Adjustment	Revised Budget
<b>Regional Parks and Expo Fund</b>			
Expo - Personal Services	\$ 836,787		\$ 836,787
Expo - Materials & Services	2,197,101		2,197,101
Expo - Debt Service	150,000		150,000
Expo - Capital Outlay	12,210,500	285,806	12,496,306
Expo - Contingency	374,407	(285,806)	88,601

The contingency amount shown on Exhibits A and B are for the total fund which includes both Parks and Expo. The amount shown above for contingency varies from the amount shown in MERC Resolution 97-06 due to the previously approved transfer of \$5,810 (Ordinance 96-661).