



Staff Report

File #: 17-325

Version: 2

Date: 6/26/2017

Item #: 3.2c.

TO: Mayor and City Council

THROUGH: Steve Powers, City Manager

FROM: Kacey Duncan, Deputy City Manager

SUBJECT:

Adoption of the FY 2017-18 City of Salem, Oregon, budget.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

ISSUE:

Shall City Council through Resolution No. 2017-37 adopting the FY 2017-18 City of Salem budget?

RECOMMENDATION:

Approve Resolution No. 2017-37 adopting a FY 2017-18 total requirements budget of \$559,326,370 for the City of Salem, Oregon.

SUMMARY AND BACKGROUND:

This additions agenda report is version 2 of item 3.2c, for adoption of the FY 2017-18 City of Salem budget. Upon further review of rebudgeted purchase orders, it was determined that it was unnecessary to carry over an expense in the Capital Improvements Fund budget. This correction resulted in a \$473,230 reduction to the FY 2017-18 City of Salem budget represented in Resolution No. 2017-37. The budget numbers in this revised report, as well as in the report attachments, reflect the correction.

Attachment 1, *City of Salem FY 2017-18 City Council Amendments Summary*, provides a financial summary of budget changes since the Budget Committee's recommendation of May 15, 2017, including carryover expenses from the FY 2016-17 budget. Detailed listings of carryovers from the general fund and other funds - rebudgeted purchase orders and reappropriations - are in Attachments 2 and 3.

FACTS AND FINDINGS:

Rebudgeted Purchase Orders

Each year the City reviews and rebudgets purchase orders with outstanding balances at the end of the fiscal year. Purchase orders that are rebudgeted are for equipment or services ordered during the current fiscal year but not delivered by June 30, the end of the fiscal year. City Council authorized appropriation authority for these outstanding purchase orders as part of the FY 2016-17 budget. The outstanding purchase orders are subject to normal purchasing policies and procedures.

Reappropriated Funds

For a variety of reasons, the City does not complete projects within the time frame of a fiscal year. To complete the scheduled projects, it is necessary to reappropriate the funds in the new fiscal year as mandated by Oregon budget law.

Additional Reappropriation Item

Staff is recommending inclusion of a reappropriation item, which was not budgeted in FY 2016-17. The Fire Department is proposing to carry over \$40,000 of savings incurred in FY 2016-17 for the purpose of purchasing a vehicle for the new fire marshal position.

Working Capital

For the FY 2017-18 budget, the additional working capital and reimbursement revenues for the reappropriated purchase orders, projects, and items are considered restricted because of the equivalent additional expense. With approval of the carryover requests, General Fund working capital will increase from the Budget Committee recommended amount of \$25,116,860 to \$26,430,480 with an equivalent increase to budgeted expenses.

Resolution No. 2017-37 demonstrates a City of Salem expenditure budget of \$496,150,460 plus an unappropriated ending fund balance of \$63,175,910 for total requirements of \$559,326,370.

Kelley Jacobs
Budget Officer

Attachments:

1. City of Salem FY 2017-18 City Council Amendments Summary - Revised
2. City of Salem FY 2016-17 Carryovers for the FY 2017-18 Budget (General Fund)
3. City of Salem FY 2016-17 Carryovers for the FY 2017-18 Budget (Other Funds) - Revised
3. Resolution No. 2017-37, FY 2017-18 City of Salem Budget - Revised
4. Resolution No. 2017-37, Exhibit A - Revised