



## Staff Report

**File #:** 19-297

**Version:** 1

**Date:** 6/24/2019

**Item #:**

**TO:** Mayor and City Council  
**THROUGH:** Steve Powers, City Manager  
**FROM:** Robert Barron, Chief Financial Officer

### SUBJECT:

Adoption of the FY 2020 City of Salem budget.

Ward(s): All Wards

Councilor(s): All Councilors

Neighborhood(s): All Neighborhoods

Result Area(s): Good Governance; Natural Environment Stewardship; Safe Community; Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy; Welcoming and Livable Community.

### ISSUE:

Shall the City Council, through Resolution No. 2019-24, adopt the FY 2020 City of Salem budget?

### RECOMMENDATION:

Adopt Resolution No. 2019-24 adopting the FY 2020 City of Salem budget.

### SUMMARY:

Resolution No. 2019-24 and Exhibit A (Attachments 1 and 2) establish a total requirements budget of \$700,322,230 as represented in the below display.

Working Capital:	\$268,029,050	Expenditures:	\$632,319,530
Revenues:	<u>\$432,293,180</u>	Unappropriated	
		Ending Fund Balance:	<u>\$ 68,002,700</u>
Total Resources:	<u>\$700,322,230</u>	Total Requirements:	<u>\$700,322,230</u>

City of Salem FY 2020 City Council Amendments Summary (Attachment 3) provides a financial summary of budget changes following the Budget Committee's recommendation of May 8, 2019, including carryover expenses from the FY 2019 budget. Detailed listings of carryovers - rebudgeted purchase orders and reappropriations - are in Attachments 4 (General Fund) and 5 (all other City

funds).

## **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 supplies, 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 2019 budget. The outstanding purchase orders are subject to normal purchasing policies and procedures.

### Reappropriated Expenditures

For a variety of reasons, the City does not always complete its 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 Budget Amendments

Staff is recommending inclusion of two additional budget amendments for FY 2020 that were not known during the review and recommendation process with the Budget Committee. The two amendments are also documented in Attachment 3.

- In the General Fund, the Salem Police Department is requesting the addition of a \$14,700 grant from the Oregon State Office of Emergency Management's Homeland Security Program. This request adds expense for specialized training of the City's bomb team offset by the equivalent amount of grant revenue.
- In the Capital Improvements Fund, the Public Works Department is increasing the Pringle Creek North Block slab demolition project by \$560,000 to a new total of \$2,628,530 due to construction bids exceeding budget estimates. This request adds \$560,000 to both revenues and expenditures in the Capital Improvements Fund and \$560,000 of additional transfer expense in the Utility Fund. Stormwater funds provide the \$560,000. The offsetting action in the Utility Fund is a \$560,000 reduction to unappropriated ending working capital.

The requested budget amendments, carryovers, and rebudgeted purchase orders remain within the 10 percent limit for changes to the Budget Committee's recommendation as prescribed in Oregon budget law. Staff reviewed each affected City fund for compliance with the limitation.

### Working Capital

For the FY 2020 budget, the additional working capital and reimbursement revenues for the carryover expenses and rebudgeted purchase orders are considered restricted because of the equivalent additional expense.

With approval of these requests, General Fund working capital, as an example, will increase from the

Budget Committee recommended amount of \$19,758,830 to \$21,192,270 with an equivalent increase to budgeted expenses. Approximately 70 percent of the \$1,433,440 change to working capital in the General Fund is related to a carryover for a single City program and rebudgeted purchase orders for Information Technology equipment purchases and an upgrade to Laserfiche for digitizing paper files.

\$693,420	Homeless Rental Assistance Program, access to unexpended FY 2019 funds
\$205,420	Information Technology equipment purchases (Citywide benefit)
<u>\$109,480</u>	Information Technology Laserfiche upgrade (Citywide benefit)
\$1,008,320	

**Attachments:**

1. Resolution 2019-24
2. Resolution 2019-24, Exhibit A
3. City of Salem FY 2020 City Council Amendments Summary
4. City of Salem FY 2019 Carryovers for the FY 2020 Budget, General Fund
5. City of Salem FY 2019 Carryovers for the FY 2020 Budget, All Other City Funds