



Staff Report

File #: 20-236

Version: 1

Date: 6/22/2020

Item #: 3.2e.

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

SUBJECT:

Adoption of the FY 2021 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. 2020-31, adopt the FY 2021 City of Salem budget?

RECOMMENDATION:

Adopt Resolution No. 2020-31 adopting the FY 2021 City of Salem budget.

SUMMARY:

Resolution No. 2020-31 and Exhibit A (Attachments #1 and #2) establish a total requirements budget of \$752,287,220 as represented in the below display.

Working Capital:	\$220,728,600	Expenditures:	\$671,372,370
		Unappropriated	
Revenues:	<u>\$531,558,620</u>	Ending Fund Balance:	<u>\$ 80,914,850</u>
Total Resources:	<u>\$752,287,220</u>	Total Requirements:	<u>\$752,287,220</u>

City of Salem FY 2021 City Council Amendments Summary (Attachment #3) provides a financial summary of budget changes following the Budget Committee's recommendation of May 13, 2020, including carryover expenses from the FY 2020 budget. Detailed listings of carryovers or re-budgeted purchase orders and re-appropriations are in Attachments 4 (General Fund) and 5 (all other City

funds).

FACTS AND FINDINGS:

Rebudgeted Purchase Orders and Reappropriated Expenditures

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 2020 budget. The outstanding purchase orders are subject to normal purchasing policies and procedures. 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.

The requested carryovers, and rebudgeted purchase orders totaling \$4,053,100 and detailed in Attachments #4 and #5. These amendments 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.

Cultural and Tourism Fund Adjustments

Due to the COVID-19 pandemic, the City reduced expected Transient Occupancy Tax revenue by 10 percent from the Pre-COVID-19 forecast. Expenditure reductions were also made to balance the budget. Staff are recommending a further reduction to 25 percent, a corresponding reduction in the 25-percent allocation for the Destination Marketing Organization (Travel Salem), reductions for known canceled events, and reductions in beginning fund balance. The impacts are detailed in Attachment 6.

Document Services (City Services Fund) Adjustments

The beginning fund balance for the Document Services Division was inadvertently set at \$0. The proposed amendment corrects the balance to \$479,170.

Working Capital

For the FY 2021 budget, the additional working capital and reimbursement revenues for the carryover expenses and re-budgeted purchase orders are considered restricted because of the equivalent additional expense.

With approval of these requests, the General Fund beginning working capital will increase from the Budget Committee recommended amount of \$20,514,920 to \$21,989,560 with an equivalent offsetting increase to budgeted expenses. Approximately 48 percent of the \$1,474,640 change to working capital in the General Fund is related to a carryover for the Homeless Rental Assistance Program, pandemic supply purchases, and two police vehicles.

\$470,000 Homeless Rental Assistance Program, access to unexpended FY 2019 and FY 2020

funds

\$154,620 Pandemic Supply Purchases, will not be complete by June 30

\$ 80,000 Two Police Vehicle Purchase, will not be complete by June 30

\$704,620

Attachments:

1. Resolution 2020-31
2. Resolution 2020-31, Exhibit A
3. City of Salem FY 2021 City Council Amendments Summary
4. City of Salem FY 2020 Carryovers for the FY 2020 Budget, General Fund
5. City of Salem FY 2020 Carryovers for the FY 2020 Budget, All Other City Funds