



## Staff Report

**File #:** 22-281

**Version:** 1

**Date:** 6/27/2022

**Item #:** 3.2c.

**TO:** Mayor and City Council  
**THROUGH:** Kristin Retherford, Interim City Manager  
**FROM:** Josh Eggleston, Chief Financial Officer

### SUBJECT:

Adoption of the FY 2023 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 and Healthy Community; Safe, Reliable and Efficient Infrastructure; Strong and Diverse Economy; Welcoming and Livable Community.

### SUMMARY:

The City of Salem budget for fiscal year (FY) 2023 is required to be adopted by the City Council prior to July 1, 2022. Adoption of this resolution will allow for authorized City spending as required by Oregon budget law in the new year.

### ISSUE:

Shall the City Council, through Resolution No. 2022-37 adopt the FY 2023 City of Salem budget?

### RECOMMENDATION:

Adopt Resolution No. 2022-37 adopting the FY 2023 City of Salem budget.

### FACTS AND FINDINGS:

Resolution No. 2022-37 and Exhibit A (Attachments 1 and 2) establish a total requirements budget of \$853,527,440 as represented in the below display:

Working Capital:	\$332,176,470	Expenditures:	\$742,702,390
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Revenues:	\$521,350,970	Unappropriated	
Ending Fund Balance:	\$110,825,050		
Total Resources:	\$853,527,440	Total Requirements:	\$853,527,440

City of Salem FY 2023 City Council Amendments Summary (Attachment 3) provides a financial summary of budget changes following the Budget Committee's recommendation of May 11, 2022, including carryover expenses from the FY 2022 budget. Detail listing of carryovers or re-budgeted purchase orders and re-appropriations are in Attachment 4 (General Fund) and 5 (all other City funds).

## **BACKGROUND:**

### *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 2022 budget. The outstanding purchase orders are subject to normal purchasing policies and procedures. For a variety of reasons, such as supply chain issues, the City does not always complete its projects with 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 \$4,819,420 are 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 affect City fund for compliance with the limitation.

### *Working Capital*

For the FY 2023 budget, the additional working capital and reimbursement reviews 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 \$326,493,860 to \$332,176,470 with an equivalent offsetting increase to budgeted expenses.

### *City Council Changes*

During the City Council meeting of June 13th, 2022, the City Council added \$683,630 in expenditure authority to the FY 2023 budget for the following:

- \$150,000 for a youth bus pass program
- \$50,000 in additional neighborhood association outreach funding
- \$483,630 for six additional police officers to begin in January of 2023

### *Other Changes*

During the June 13, 2022, City Council meeting, City Council authorized the City Manager to direct

the City's allocation of the National Opioid Litigation Settlement funds to be paid directly to the City. Authority for the receipt and use of the estimated \$250,000 settlement is added to Trusts.

Final HUD allocations amounts for CDBG/HOME were released. Revenue is reduced by \$7,480 with an equivalent offsetting decrease to budgeted expenses.

Beginning working capital for Document Services and Telecommunications in the City Services Fund was not included in the recommended budget. \$892,860 is added to this fund's beginning working capital, increasing total resources. There are no changes to expenditures with this request.

While fund totals remained consistent, a few corrections to account codes and program allocations occurred due to the identification of entry errors and a reorganization.

**Attachments:**

1. Resolution No. 2022-37
2. Resolution No. 2022-37, Exhibit A
3. City of Salem FY 2023 City Council Amendments Summary
4. City of Salem FY 2022 Carryovers for the FY 2023 Budget, General Fund
5. City of Salem FY 2022 Carryovers for the FY 2023 Budget, All Other City Funds