



MEMORANDUM

Finance Department

To: Mayor Jackola & Lebanon City Councilors
Ron Whitlatch, Interim City Manager & Budget Officer

Date: February 14, 2024

From: Brandon Neish, Finance Director

Subject: FY23 Budget Amendments & Supplemental Budget

I. INTRODUCTION

Oregon Local Budget Law, ORS 294, allows for either the transfer of appropriations or a supplemental budget to increase expenditure authority after a budget has been adopted. The 2024 fiscal year budget was adopted by the City Council on June 14, 2023. ORS 294.462(1) allows for the City Council to transfer existing expenditure authority from one budget line to another and ORS 294.471(a) allows a supplemental budget when there is an occurrence or condition that is not ascertained when preparing the original budget.

II. CURRENT REPORT

There are two adjustments outlined in Resolution No. 2024-02; an adjustment to the Finance budget in the General Fund and an adjustment to the Mayor and City Council budget due to unknown factors that arose after budget development was completed.

The Finance adjustment seeks to add \$30,000 to the Municipal Court budget to cover additional fringe benefits for staff beyond the original budget. Prior to 2024, the Municipal Court Judge served under a personal services contract which paid the Judge as an individual contractor. According to IRS rules, the Judge must be an employee of the City. The contract adopted by the City Council in June 2023 made the transition as required. As such, there are additional costs borne by the City; payroll taxes and retirement contributions. These additional expenditures were not originally anticipated in the adopted budget. A portion of the funds are being moved from a material & service account to a part-time salary line. The remaining adjustment, \$30,000, is to come from a contingency account budgeted annually for unanticipated payouts, vacation and sick leave cash outs, and other unplanned expenditures.

The second adjustment contained herein is an adjustment to the Mayor & City Council budget. When the budget was built, no expenditures were planned for retirement contributions. During a reconciliation with PERS, it was determined that City Council members, who are considered "employees," are eligible for a Public Employees Retirement System (PERS) retirement. Several Council members are either active or retired PERS members eliciting a required contribution from the City based on a percentage of their

compensation. The adjustment contained includes \$6,500 from the aforementioned contingency line to accommodate these unplanned PERS costs for the remainder of the 2024 fiscal year.

III. RECOMMENDATION

- Adopt Resolution No. 2024-02 authorizing a transfer in budget appropriations.