



MEMORANDUM

Finance Department

To: Mayor, City Council & Ron Whitlatch,
Interim City Manager

From: Brandon Neish, Finance Director

Subject: Fiscal Year 2024-2025 Budget Adoption

Date: June 12, 2024

I. INTRODUCTION

Oregon Local Budget Law, ORS 294, outlines a very specific process for budget development and citizen involvement. The City is required to follow this process which consists of a citizen Budget Committee containing the Mayor, six City Councilors, and seven citizen members, a Budget Message and Proposed Budget from a designated Budget Officer, an approved budget, multiple hearings, levied taxes, and an adopted budget. The Budget Committee reviews the Budget Officer's Proposed Budget and Budget Message before approving a budget (with any changes they deem necessary), recommends tax levies, and forwards that to the City Council. During the approval process, a public hearing is required, and a second public hearing is required before the City Council can adopt the budget. All of this must be completed before July 1 annually or the City cannot legally operate.

II. CURRENT REPORT

The Budget Committee received the Budget Officer's (City Manager's) Proposed Budget and Budget Message during a public meeting on April 3, 2024. The meeting was noticed in the Albany-Democrat Herald to comply with ORS 294.426(3)(a). During a second meeting held on April 29, 2024, committee members heard from the City's Department Directors who supervise the functions of the Senior Center, LINX transit, Public Works, the Police Department, Library Services, Information Technology (IT), Human Resources, Engineering, Community Development, City Recorder, and Finance, as well as the City Manager's Office. A subsequent meeting was held on April 30, 2024 to discuss the Motel Tax fund, internal services, and the General Fund. After multiple opportunities to hear from the public, the committee approved a budget of \$66,892,541, recommended taxes of \$5.1364 per \$1,000 of assessed value and bond revenue of \$1,856,562, and recommended the Council adopt the budget. This included operating and non-operating costs.

Before the City Council is a resolution to adopt a total expenditure budget of \$66,722,992 and a resolution to levy taxes for the coming fiscal year. Reserves for future expenditures and ending fund balance are unappropriated by definition and therefore not included in the adoption resolution. Some revisions to the budget are being requested due to changes in conditions and minor errors in the proposed budget.

- Streets: The budget originally presented to the Budget Committee was the requested budget. Additional changes were made for the proposed budget but were not included in the presentation to the Budget Committee. Staff is requesting that the streets budget in fund 558 increase as follows:
 - Streets: \$1,417 in personnel expenses
 - Engineering: \$48 in personnel expenses
 - Capital Projects: \$75,000
 - Transfers Out: \$3,033
- Equipment Reserve & Acquisition: In fund 820, staff had initially requested that the Budget Committee add \$110,000 to the transfers out to repay an interfund loan that was planned for the 2024 fiscal year. Based on timing, staff now believes that it can push the land acquisition to occur on or after July 1, 2024, negating the need for an interfund loan. Staff is requesting permission to move the approved transfer out to the Public Works line in the Equipment Reserve & Acquisition Fund.
- Of no impact to the Fiscal Year 2025 budget, but for informational purposes, minor errors in the FY2022 expenditures were found in the utility funds. Staff has corrected the FY2022 actuals to reflect audited figures and will include the correct figures in the adopted budget document. All the revisions increased the FY2022 actuals from the presentation.

III. RECOMMENDATION

- Conduct a public hearing on the Approved Budget.
- Adopt Resolution No. 2024-14 adopting a budget for the 2024-2025 fiscal year beginning July 1, 2024.
- Adopt Resolution No. 2024-15 levying taxes for the City of Lebanon's budget for fiscal year 2024-2025