



MEMORANDUM

Finance Department

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

Date: June 11, 2025

From: Brandon Neish, Finance Director

Subject: FY25 Budget Amendments

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 2025 fiscal year budget was adopted by the City Council on June 12, 2024. ORS 294.463(1) allows for the City Council to transfer existing expenditure authority from one budget line to another.

II. CURRENT REPORT

There are several adjustments outlined in Resolution No. 2025-06 necessary to cover expenditures related to collective bargaining agreements, changing priorities, new revenue, benefit changes, and unanticipated expenditures in the current year.

The first adjustment seeks to redistribute expenditure authority in the General Fund's non-departmental budget to cover unanticipated expenditures. For most budget authorizations, authority exists at a department level (i.e. Community Development in the General Fund) which allows for greater flexibility. For non-departmental expenditures, authority exists at a more restrictive level, specifically materials & services and capital outlay. In the current year the materials & service budget of \$625,634 is not enough to cover the operational needs. Specifically, the City procured a vehicle for staff and Council use, utility expense at the Wastewater Treatment Plant has run significantly higher during the fiscal year, and insurance premiums for risk and casualty insurance was more than originally anticipated. The transfer resolution seeks to move \$201,000 from the General Fund's contingency to the non-departmental materials & services budget.

Another adjustment for the General Fund seeks to cover additional interest expenses associated with terminating (prepaying) debt outstanding in the fund. At the time the budget was built to include the payoff, the interest expense was estimated. Once calculated, the interest expense was \$8,801 more than the original budget. The transfer resolution seeks to move authorized budget again from the operating contingency to cover the overage.

THE CITY THAT FRIENDLINESS BUILT

In the Administrative Internal Services fund, allowable cashouts for employees, contract changes settled after the budget was adopted and benefit changes has driven the need to distribute \$25,255 from the operating contingency to Human Resources (\$5,255) and Finance (\$20,000). The contingency in this fund (and others) is set aside for operational needs (3% of total expenditures) and personnel changes and cashouts (2% of total personnel expenditures).

Call back and standby pay is driving the need for additional expenditure authorization in the Water Fund's Water Treatment division. Similarly, overtime and contract changes in Engineering is pushing projected expenditures for the year over the adopted budget. The transfer resolution seeks to move \$107,000 from the operating contingency to Public Works (\$80,000) and Engineering (\$27,000) to cover the projected overages.

In the Motel Tax Fund, additional budget authority is needed to cover prior year Building Restoration grants. The program allows for reimbursements to cross fiscal years which was not considered when the budget was developed for the current year. The transfer resolution seeks to move \$50,000 from the operating contingency in the fund to Materials & Services (this is a non-departmental fund so budget is done at the line level instead of department/program level).

The last adjustment requested in the resolution is for the Building Fund, specifically Development Services. Collective bargaining changes and changes in health care elections are driving higher than anticipated cost increases in the program that will need to be covered by fiscal year end. The transfer resolution seeks to move \$14,500 from the operating contingency to Development Services.

III. RECOMMENDATION

- Adopt Resolution No. 2025-13 authorizing a transfer in budget appropriations.