



CITY OF ORLAND STAFF REPORT

MEETING DATE: May 21, 2024

TO: Honorable Mayor and Council

FROM: Pete Carr, City Manager

SUBJECT: **Fiscal Year 2024-25 Budget Discussion #4: Fund Balances; General Fund Expenditures; ARPA** (Discussion/Direction)

City staff will brief Council and seek direction on ongoing progress in preparing a draft proposed budget for the next fiscal year.

BACKGROUND

City staff is preparing a draft budget for the fiscal year 2024-25 (FY25) which starts July 1. The budget will represent the City's best estimate of probable revenues and a spending plan to support operations and projects consistent with Council direction. Staff will continue to analyze revenue projections and collect cost estimates to produce an evolving budget picture in anticipation of an adoptable budget before July 1st.

ANALYSIS

This evening's discussion will build on the previous three discussions about capital projects, fleet replacement schedules, staffing, Measure A Public Safety Fund, Gas Tax, and the Schedule of Debts. We will consider the balances of all major funds with particular focus on the General Fund and Measure A Public Safety Fund. We will revisit the Gas Tax Street Fund budget, and review the American Rescue Plan Act (ARPA) fund with its many project subcategories.

Direction received from Council this evening will further inform staff analysis as we proceed with formulation of the final proposed budget which is planned, ideally, for presentation to Council for consideration of adoption on June 4th.

Fund Balances

While still awaiting our final FY23 audit report to confirm starting balances for funds for this fiscal year, our best estimates indicate starting fund balances for FY25 as follows:

General Fund \$1.76M

Public Safety \$1.15M

Gas Tax \$991k

Water \$4.27M

Sewer \$1.03M

For General Fund, this is more than double the balance five years ago; it slightly exceeds our formula-based minimum threshold but is well short of our \$3.3M target.

General Fund

With \$6.74M in expected revenue against \$6.68M in planned expenditures, the proposed budget is balanced with less than 1% to the positive for future emergencies and improvement project needs.

To help the General Fund be balanced, certain costs (street lighting and a portion of street maintenance labor) are necessarily shifted back to Gas Tax Streets; prior to FY24 these costs resided in Gas Tax. Economic development expenditures are grouped under Council but not set out as a separate fund. No funding is provided to continue the Queen Bee Bucks gift card promotion. Pool expenses are shown separately from most other Rec expenses. All other budget changes are consistent with previous budget discussions.

ARPA

The ARPA budget consists of projects and programs paid for by this one-time allotment of post-Covid recovery funding. If staff has an updated budget worksheet ready by May 21, it will be presented at the meeting.

Attachments (2):

1. Summary of Major Fund Balances
2. General Fund and Gas Tax Budgets FY25

RECOMMENDATION

Provide direction at Council discretion. Staff will proceed with budget preparation accordingly.

Fiscal Impact of Recommendation:

Budget will approximately balance revenues with expenditures as it provides for operational and improvement project objectives, and is designed to maintain or build fund reserves.