

ATTACHMENT A

Adoption of the Annual Tentative 2024-2025 Budget Ordinances

This report provides backup information to items on the May 29, 2024 Council Formal agenda regarding adoption of the Tentative 2024-2025 Budget ordinances. These are the annual steps required by City Charter and State Law.

State law requires adoption of the annual Tentative Budget ordinances, followed by two consecutive weeks of publication of the adopted Tentative Budget in the legally prescribed format. Detailed budget schedules prepared on forms provided by the State Auditor General's Office and Truth in Taxation notice in accordance with state law are attached to this report.

Adoption of the Tentative 2024-2025 budget ordinances requires the following:

1. Holding a public hearing
2. Adoption of the Tentative 2024-2025 Budget ordinance. This ordinance adopts the portion of the Tentative Budget financed from operating resources. It represents the 2024-2025 Budget approved by the City Council on May 21.
3. Adoption of the Tentative 2024-2025 Capital Funds Budget ordinance. This ordinance adopts the portion of the Tentative Budget financed from capital funds and is included in the first fiscal year of the 2024-2029 Capital Improvement Program.
4. Adoption of the Tentative 2024-2025 Reappropriated Funds Budget ordinance. This budget ordinance is required to rebudget funds that were contractually committed in the prior fiscal year but not yet fully expended. Since budget appropriations expire on June 30 of each fiscal year, this ordinance re-establishes the appropriations for payment of vendors as goods and services are received.

For example, on October 18, 2023, the City Council awarded a contract to PCL Construction, Inc. to provide Construction Services for the 24th Street Water Treatment Plant Rehabilitation 2021 project. The amount of the contract was \$24,300,000, which was encumbered, or committed using the 2023-2024 Water Services Department's Capital Improvement Program budget appropriation. However, to-date payments on this contract have not yet occurred and will extend into fiscal year 2024-2025. The contract amount is included in the Reappropriated Funds ordinance to ensure the spending authority is in place for future payments made on this contract during the 2024-2025 fiscal year.

REMAINING STEPS

Following this action, the Tentative 2024-2025 Budget information will be advertised for two consecutive weeks in accordance with state law.

State law also requires adoption of the Final 2024-2025 Budget ordinances following the two weeks of advertised publications of the adopted Tentative Budget. The City Charter

requires Council adopt the budget on or before the last day of June each year. As a result, adoption of the Final 2024-2025 Budget is scheduled for the June 12, 2024 Council Formal meeting. The June 12, 2024 actions will include the Final 2024-2025 Budget ordinance, the Final 2024-2025 Capital Funds Budget ordinance, and the Final 2024-2025 Reappropriated Funds Budget ordinance. Both state law and the City Charter require holding public hearings prior to adoption of the Budget ordinances.

Also on the June 12, 2024 agenda there will be several items necessary to close out the current fiscal year and prepare for the annual independent audit. A separate City Council Report will be provided explaining these funding plan close-out items for the June 12, 2024 agenda.

The 2024-2025 Property Tax Levy will be brought forward for adoption on July 1, 2024, as state law requires this to occur at least 14 days after adoption of the Final Budget. The City Charter requires adoption of the Property Tax Levy no later than the last regularly scheduled meeting in July. Based on the May 21, 2024 City Council action, the levy will reflect a total property tax rate of \$2.0799 per \$100 of assessed valuation.