



**TSCC**

# Multnomah County Local Budget Law Training - Abridged

February 2023

**Tax Supervising and Conservation Commission**

Allegra Willhite & Tunie Betschart

# Training Agenda

## TSCC & Budget Law Overview

- What is the TSCC?
- What are the budget process steps?
- What happens if I don't follow local budget law?

## Preparation for Budget Creation

- What needs to happen before I start the budget?

## Proposed Budget

- How do I create a proposed budget?
- How do I estimate property tax revenues?

## Approved Budget

- What are the requirements for approving the budget?

~ Stretch Break ~

## TSCC Certification

- What is the process for TSCC certification?

## Adopted Budget

- What are the requirements for adopting the budget?
- How do I make changes between the approved and the adopted budget?

## Post-Adoption

- How do I make changes after the budget is adopted?

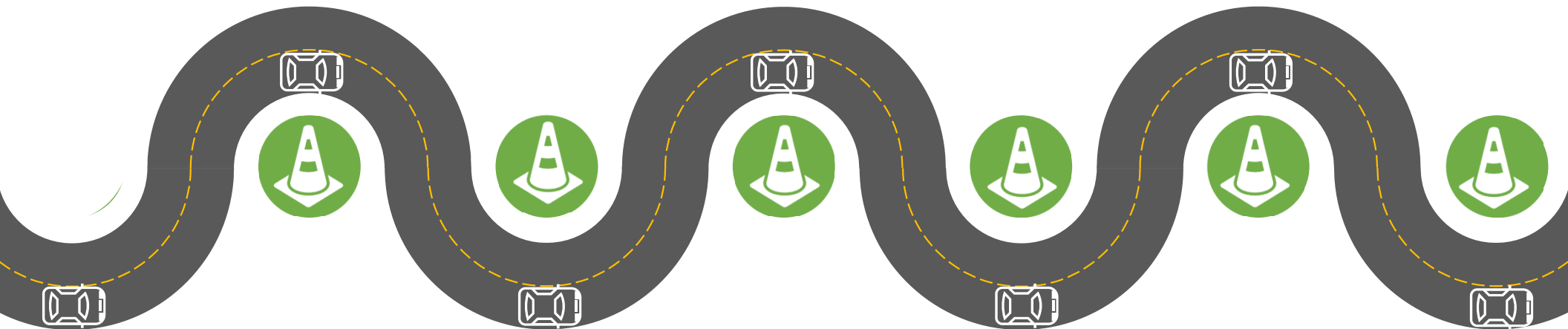
# The Budget Journey

(and roadblocks to look out for along the way)

Preparing for the  
Budget

Approving the  
Budget

Adopting the  
Budget



Proposing the  
Budget

Certifying the  
Budget

Monitoring and  
Changing

\*TSCC Members Only

# Tips for Today

## **Tips for participating via Zoom**

- We'll be recording today's session
- Change your zoom display name to your first name and first name
- Please put questions in the chat

# What is the TSCC?

- Created by the Legislature in 1919 to monitor Multnomah County local government budgets, taxes, and debt
- State agency with five commissioners appointed by the governor
- Role is primarily advisory and consultative
- Duties:
  - Review and certify member district budgets
  - Hold hearings on member budgets and tax measures
  - Advise districts on Oregon Local Budget Law
  - Prepare annual report documenting district budgets & debt
  - Provide information to the public
  - Investigate claims of budget law violations

## ADVOCATE

We hold public hearings to engage with elected officials and advocate for the public interest in spending of taxpayer dollars.

## TRAIN

We support and train local jurisdictions to adhere to local and state budget law.

## INFORM

We publish an annual report that informs the public on local government budgets, indebtedness, and property taxes.

## REVIEW

We analyze, review, and certify budgets to ensure adherence to state budget law.



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## Membership

**Taxing districts primarily located in Multnomah County**  
[43 eligible districts - 36 are members]

**Required** for districts serving populations of more than 200,000

Optional for districts serving populations of fewer than 200,000



# Budget Process Overview

# Key Concepts for Today's Training



**The State Legislature Makes Local Budget Law to Create a Standard Way to Budget.**



**Budgets Create Appropriations, Your Legal Spending Limits.**



**Transparency is Key and Public Input IS Required.**



**Show Your Work.**



**Look Out for Roadblocks.**



# How to Create A Budget?

All local governments use a standard system as laid out in:

[Oregon Revised Statutes 294.305-565](#)

[Oregon Administrative Rules 150-294-0300-0550](#)

# There's help!

- [TSCC Budget Manual for Local Governments in Multnomah County](#)
- [DOR Local Budget Law Manual](#)
- DOR Website: [State of Oregon: Forms - Forms and publications library](#) – Search *“Local Budget”*
- TSCC website: [www.tsccmultco.com/training](http://www.tsccmultco.com/training)

# Why follow budget law?

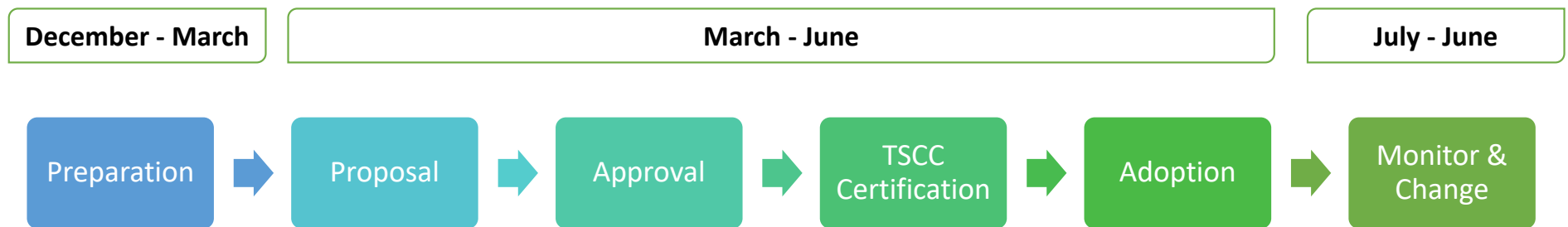
- If your district does not follow local budget law your district cannot levy taxes or expend money. 294.338(1)
- An improperly adopted property tax is voidable. 294.461
- Spending money in excess of the amounts provided by law, or for a different purpose than provided by law is illegal. 294.100(1)
- Any public official (who does so) shall be civilly liable for return of the money... 294.100(2)

# Who Creates A Budget?

## The budget is:

- Prepared & **Proposed** by Staff
- Modified & **Approved** by the Budget Committee
- Modified & **Adopted** by the Governing Board

# Timeline



## Prior to July 1

Resolutions to adopt budget, make appropriations, levy and categorize property taxes

# Budget Terms

## Fund

A Fund is a fiscal and accounting entity with *self-balancing* accounts to record cash and other financial resources, related liabilities, and balances and changes, all segregated for specific, regulated activities and objectives.

## Resources and Requirements – THESE MUST BALANCE IN YOUR BUDGET (ORS 294.388)

Resources: All sources of available funds, including beginning fund balance and transfers in from other funds

Requirements: all expenditures, as well as other obligations that must be planned for but may not actually be spent

## Revenues and Expenditures

Revenues: sources of new money anticipated to be received in the coming year

Expenditures: money expected to be spent in the coming budget year

## Appropriations

Your legal spending authority. The budget is the basis for appropriations. Appropriations establish spending limits.

# The Holy Grail of Budget Law Is the Appropriation

- Districts DO things
- Doing things costs money
- Districts can't spend public money without legal authority
- District gives itself legal authority to spend money through appropriations
- Appropriation is legal permission to spend
- Appropriation is also legal limit on spending
- After budget adoption, all that matters is appropriations

*Source – DOR 2018 TSCC Appropriations Presentation*

# A Few Key Points So Far...

- Budget law is built with transparency in mind
- Statutes and admin rules are your guide
- Budgets must be organized by fund and balanced
- Budget is used to justify your appropriations





# Preparing for the Budget



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# Appointing a Budget Officer & Creating a Budget Calendar

The Board appoints a **Budget Officer** who is responsible for assembling budget material and information and physically preparing the proposed budget. ORS 294.331

What is that person's first duty? Create a budget calendar.

**\*\*Reminder for TSCC Members: Send your budget calendar (or draft) to TSCC\*\***

13	14	15	16	17	18	19	Public notice website- Budget committee meeting ORS 294.426
20	21	22	23	24	25	26	Board approves Tuition & Fees
27	28	29	30	31			Public notice newspaper- Budget committee meeting ORS 294.426
April							
S	M	T	W	T	F	S	
					1	2	Budget Committee receives proposed budget ORS 294.40
3	4	5	6	7	8	9	Public notice website- Budget committee meeting ORS 294.426
10	11	12	13	14	15	16	Public notice newspaper- Budget committee meeting ORS 294.426
17	18	19	20	21	22	23	Budget Committee Meeting: Approve budget, levy taxes.
24	25	26	27	28	29	30	
May							
S	M	T	W	T	F	S	
1	2	3	4	5	6	7	Submit approved budget to TSCC –as soon as it is compiled (by May 15 <sup>th</sup> )
8	9	10	11	12	13	14	
15	16	17	18	19	20	21	
22	23	24	25	26	27	28	Public notice website – Budget hearing ORS 294.448
29	30	31					Public notice newspaper - Budget hearing ORS 294.448
June							
S	M	T	W	T	F	S	
			1	2	3	4	
5	6	7	8	9	10	11	TSCC Budget Hearing ORS 294.453
12	13	14	15	16	17	18	Adoption of budget by Board of Education ORS 294.456
19	20	21	22	23	24	25	File adopted budget with TSCC by July 15th
26	27	28	29	30			Certify levy with assessor's office ORS 294.458

## EXAMPLE CALENDAR

# Appoint your Budget Committee (ORS 294.414)

- The governing body and an equal number of electors (registered voters)
  - May not be officers, agents or employees
  - Serve with no compensation
  - Appointed by governing body to staggered 3-year terms
- Elects a presiding officer at first meeting

# Two Types of Budget Committees in Multnomah County

## For Large Districts (serve populations over 200,000)

- Governing Body (Council, Commissioners, Directors, etc) serves as Budget Committee for Approved Budget stage
- Optional: May have community members involved through community budget advisory groups

## For Small Districts (serve populations under 200,000)

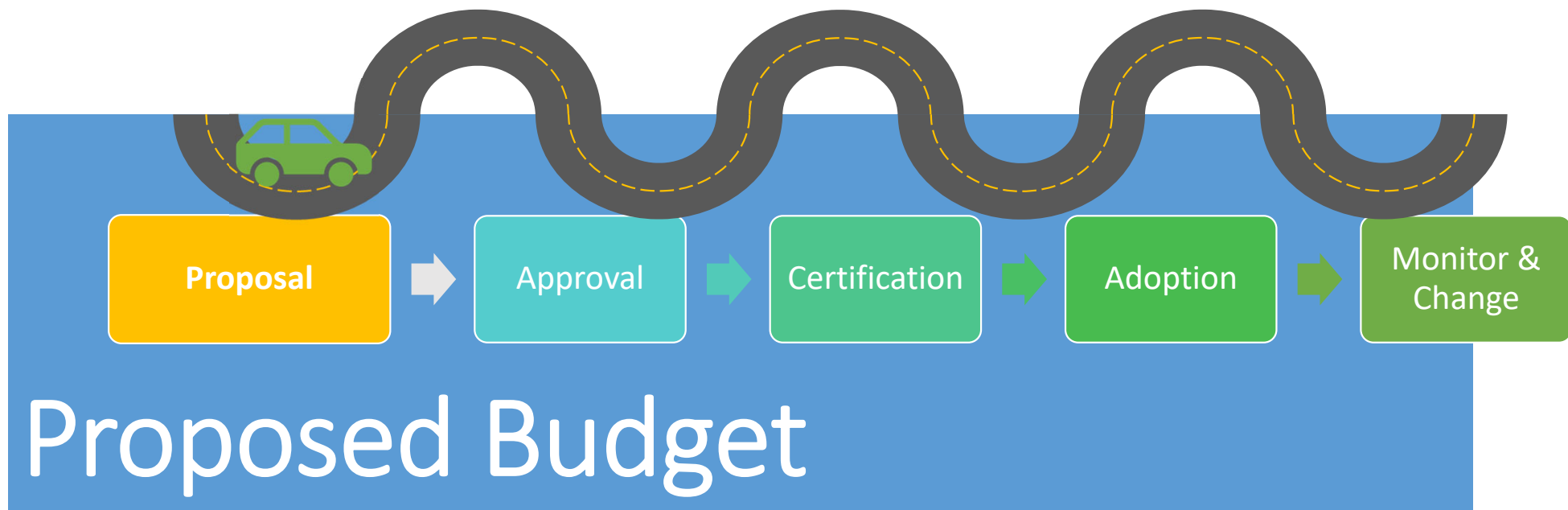
- Governing body and equal number of appointed community members (serve without compensation for three year terms, four years if biennial budget)



Roadblock!

If you can't find enough community members to serve on the budget committee, go with the number you've got.

ORS 294.414



# Proposed Budget Steps

The budget is organized by funds and each fund is divided into resources and requirements.

1. Estimate Resources
2. Estimate Requirements
3. Balance the Budget
4. Write your Budget Message



# Fund Types Are Specified in Law

What are the types of funds according to Oregon Revised Statutes and Administrative Rules? OAR 150-294-0420 and ORS 294.346.

- **General Fund**
- **Reserve Fund**
- **Special Revenue Funds**
- **Debt Service Fund**
- **Enterprise Funds**
- **Internal Service Funds**
- **Capital Projects Funds**
- **Special Assessment Funds**
- **Trust and Agency Funds**



# Resources & Requirements Must Balance In Each Fund

## GENERAL FUND

### Resources

Beginning Fund Balance	\$10,000
Property Tax	\$5,000
Federal Funds	\$2,000
State Funds	\$3,000
Grants	\$1,000

### Total Resources

**\$21,000**

### Requirements

Personnel Services	\$9,000
Capital Outlay	\$6,000
Transfers Out	\$1,000
Contingency	\$2,000
Ending Fund Balance	\$3,000

### Total Requirements

**\$21,000**

## REMEMBER

- Resources are budgeted by fund and source
- Requirements are budgeted by fund, function, and use
- Budget numbers are good faith effort estimates
- Negative resource amounts are contrary to statute

# Estimating Resources – By Fund & By Source

\$ Beginning Fund Balance

\$ Revenues

- ¢ Property Taxes (current year)
- ¢ Prior Year Property Taxes
- ¢ Fees, Licenses, Fines
- ¢ Enterprise Revenue
- ¢ Federal / State / Local Revenue
- ¢ Grants
- ¢ Interest on Investments
- ¢ Bond or other Debt Proceeds
- ¢ Sale of Assets

\$ Interfund Transfers In

- \$ Cash
- \$ Interfund Service Reimbursements

# Estimating Resources

## Property Taxes

### Rate-Based Levy

[Permanent Levies & Local Option Levies, e.g. \$5.2781 & \$1.99 per \$1,000 of AV]

**Assessed Value x Rate = Taxes Extended**

**(Taxes Extended – Compression Loss) x Collection Rate = Budget**

### Dollar Amount Levy

[GO Bond Levies, e.g. \$136 million, optional for Permanent Levies & Local Options Levies]

**Debt Service Required x Collection Rate = Budget**

#### Tax Levy Types

**Permanent Levy**  
Permanent Tax Rate  
Limit

**Local Option Levy**  
For operations (5 yr  
limit) or capital  
projects (10 yr limit)

**General Obligation  
Bonds**  
Capital Costs



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City of Maywood Park

Numbers in red can be changed

	2019-20	2020-21	2021-22	2022-23	2023-24	PROJECTION
<b>Permanent Rate Levy</b>					Rate	Selected Factor
					\$ 1.9500	Projection
Assessed Value	70,691,060	73,136,610	75,387,780	77,758,370		80,091,000
Annual AV Increase		3.46%	3.08%	3.14%		3.00%
Taxes Extended	137,848	142,617	147,006	151,629		156,177
Taxes Compressed	97	121	123	133		(156)
Comp as a % of Extended	0.07%	0.08%	0.08%	0.09%		0.10%
				Estimated Taxes to be Imposed:		156,021
				Assumed Collection Rate:		95.5%
				Estimated Taxes to be Received:		149,000



# Roadblock!

- Collecting too much for general obligation bond debt service.
- Forgetting to add collection rate to property tax estimates.

## Calculating Taxes to be Levied

### Example:

Total Debt Service Requirements	\$ 60,000
Less Resources On Hand	- <u>\$ 10,000</u>
<b>Equals Taxes Needed</b>	<b>= \$ 50,000</b>

Divided by Collection Percent	.958
<b>Equals Tax Levy</b>	<b>= \$ 53,236</b>

**Levy to Approve & Certify: \$ 53,236**

<b>GO Bond Fund Calculator</b>		<a href="#">Questions? Contact TSCC staff for assistance, we're here to help.</a>		
<b>STEP 1 - Estimate FY 2023-24 BFB</b>				
<b>Estimated Beginning Fund Balance Calculator</b>				
Current Cash	800,000	<i>Analytical check: Does your estimated BFB match the amount you need for debt payments prior to receiving property taxes in the upcoming budget year?</i>		
Estimated Resources for Rest of Current FY	2,450,000			
Debt Payments to be Paid in the Rest of Current FY	2,500,000			
<b>Total Estimated Beginning Fund Balance</b>	<b>750,000</b>			
<b>STEP 2 - Use Debt Schedule to Understand Payments</b>				
<b>For the Year You Are Budgeting:</b>				
	<b>Date</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
Payment 1	11/15/2023		600,000	600,000
Payment 2	6/1/2024	1,700,000	600,000	2,300,000
	<b>Total FY 23-24</b>	<b>1,700,000</b>	<b>1,200,000</b>	<b>2,900,000</b>
<b>For the Following FY:</b>				
Payments Due On or Before December 15*	11/15/2024		600,000	600,000
Payment Due After December 15	6/1/2025	1,700,000	600,000	2,300,000
	<b>Total FY 24-25</b>	<b>1,700,000</b>	<b>1,200,000</b>	<b>2,900,000</b>
<i>*Review your historic property tax receipts to better understand at what date you will receive the p. tax amount necessary to cover debt payments.</i>				
<b>STEP 3 - Build Your Budget (Fill in Green Boxes in Column C)</b>				
Estimated Beginning Fund Balance	750,000	<i>Current Cash On Hand + Est. Res - Est. Req.</i>		
Prior Year Taxes	165,000	<i>Review historical data to inform estimate</i>		
Interest earned	20,000	<i>Review historical data to inform estimate</i>		
<b>Total Resources Other Than Current Yr Taxes</b>	<b>935,000</b>	<i>Auto-calculated field</i>		
<b>Taxes Necessary to Balance</b>	<b>2,565,000</b>	<b><i>Amount to budget for property taxes to be received in the upcoming FY</i></b>		



# Creating the Proposed Budget: Estimating Requirements

- Estimate Personnel Costs
- Estimate Materials & Services
- Estimate Capital Outlay
- Estimate Debt Service
- Estimate Transfers Out
- Calculate Contingencies, Reserves, & Unappropriated Fund Balance

# Estimating Requirements – By Fund, Function, & Use

## Requirements Classification System

LINE ITEM	OBJECT CLASSIFICATION	CLASSIFICATION TYPE
Wages	Personnel Services	Expenditures
Benefits		
Pension		
Insurance		
FICA		
Professional Services		
Utilities		
Office Supplies		
Travel & Meetings		
Property Maintenance		
Capital Projects	Materials & Services	
Debt Service	Capital Outlay	
Transfers to Other Funds	Debt Service	
Contingency	Transfers Out	Transfers Out
Ending Fund Balance	Contingency	Contingency
	Ending Fund Balance	Ending Fund Balance

\*These object classifications are typically allocated to an organizational unit or program/activity.

# Proposed Budget Format

2019-20 Actual	2020-21 Actual	2021-22 Revised Budget	Line Item	2022-23 Budget			
				FTE	Proposed	Approved	Adopted
\$	\$\$	\$\$\$	Wages	10	\$\$\$\$		

**Matches  
numbers from  
respective  
year's audit or  
ACFR**

**Adopted budget as  
modified by post-  
adoption changes**

**The Proposed Budget  
as prepared by the  
Budget Officer for  
presentation to the  
Budget Committee**

**FORM  
LB-11**

This fund is authorized and established by resolution / ordinance number  
268 on (date) April 22, 2019 for the following specified purpose:  
Street Fund Money for Future Storm Drains

**RESERVE FUND  
RESOURCES AND REQUIREMENTS**

Year this reserve fund will be reviewed to be continued or abolished.  
Date can not be more than 10 years after establishment.  
Review Year: 2029-2030

Storm Drain Reserves Fund  
(Fund)

City of Maywood Park  
(Name of Municipal Corporation)

	Historical Data			DESCRIPTION RESOURCES AND REQUIREMENTS	Budget for Next Year 2022-2023			
	Actual		Adopted Budget This Year 2021-2022		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
	Second Preceding Year 2019-2020	First Preceding Year 2020-2021						
				RESOURCES				
1	152,713	136,112	116,000	1. Cash on hand* (cash basis) or	101,000	101,000	101,000	1
2				2. Working Capital (accrual basis)				2
3				3. Previously levied taxes est to be received				3
4	2,719	833	1,000	4. Interest	0	0	0	4
5	0	20,000	55,000	5. Transferred IN, from General Fund	20,000	20,000	20,000	5
6	0	0	0	6. Repayment of Bank Fees	0	0	0	6
7				7				7
8				8				8
9	155,432	156,945	172,000	9. Total Resources, except taxes to be levied	121,000	121,000	121,000	9
10				10. Taxes estimated to be received				10
11				11. Taxes collected in year levied				11
12	155,432	156,945	172,000	12. TOTAL RESOURCES	121,000	121,000	121,000	12
				REQUIREMENTS				
13	0	0	0	13	0	0	0	13
14	0	0	0	14	0	0	0	14
15	19,320	40,761	50,000	15. Maintenance/Repairs	40,000	40,000	40,000	15
16				16				16
17				17. CAPITAL OUTLAY:				17
18	0	0	20,000	18. UIC Upgrades	20,000	20,000	20,000	18
19				19				19
20				20				20
21				21				21
22				22				22
23				23				23
24				24				24
25				25				25
26				26				26
27	19,320	40,761	70,000	27. TOTAL EXPENDITURES	60,000	60,000	60,000	27
28	136,112	116,184	102,000	28. RESERVED FOR FUTURE EXPENDITURE	61,000	61,000	61,000	28
29	155,432	156,945	172,000	29. TOTAL REQUIREMENTS	121,000	121,000	121,000	29

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Corbett School District 39  
2020 - 2021 Fiscal Year Annual Budget  
Federal Funds

	Actual 2017-18	Actual 2018-19	Revised Budget 2019-20	Proposed Budget 2020-21	Approved Budget 2020-21	Adopted Budget 2020-21
<b>RESOURCES</b>						
Beginning Fund Balance	\$ 7,725	\$ 7,725	\$ 7,726	\$ 7,726	\$ 7,726	\$ 7,726
Revenues						
Federal Sources						
4500 Restricted Pass-Thru State	369,842	408,594	302,284	269,983	269,983	269,983
Total Federal Sources	369,842	408,594	302,284	269,983	269,983	269,983
Total Revenues	369,842	408,594	302,284	269,983	269,983	269,983
TOTAL RESOURCES	\$ 377,567	\$ 416,319	\$ 310,010	\$ 277,709	\$ 277,709	\$ 277,709
<b>REQUIREMENTS</b>						
Expenditures by Function						
Instruction						
1200 Special Programs						
1250 Less Restrictive Programs	231,947	240,932	159,787	167,280	158,835	158,835
1272 Title I	137,895	125,882	122,497	78,710	87,155	87,155
1299 Other Designated Programs	-	32,328	10,000	10,000	10,000	10,000
Total Instruction	369,842	399,142	292,284	255,990	255,990	255,990
Support Services						
2200 Instructional Staff Support						
2210 Improvement Of Instruction	-	1,999	-	3,000	3,000	3,000
2240 Instructional Staff Developmnt	-	7,453	10,000	10,993	10,993	10,993
Total Support Services	-	9,452	10,000	13,993	13,993	13,993
Total Expenditures	369,842	408,594	302,284	269,983	269,983	269,983
Contingency						
03 Federal Funds	-	-	7,726	7,726	7,726	7,726
Total Contingency	-	-	7,726	7,726	7,726	7,726
SUBTOTAL	369,842	408,594	310,010	277,709	277,709	277,709
Ending Fund Balance						
03 Federal Funds	7,725	7,725	-	-	-	-
Total Ending Fund Balance	7,725	7,725	-	-	-	-
TOTAL REQUIREMENTS	\$ 377,567	\$ 416,319	\$ 310,010	\$ 277,709	\$ 277,709	\$ 277,709



# Roadblock!

## Some rules for requirements:

- **Personnel Services:** Individual positions do not need to be listed in budget, roll them up to a wages line item. Include Full Time Equivalent (FTE) tally.
- **Capital Outlay:** The district determines what qualifies as a capital expenditure. Document that decision in financial policies.
- **Debt Service:** Budget must show separate amounts for principal and interest ORS 294.388(6)
- **Contingency:** In operating funds only, no limit on size, but cannot be used for expenditures- must be transferred to an expenditure line item.

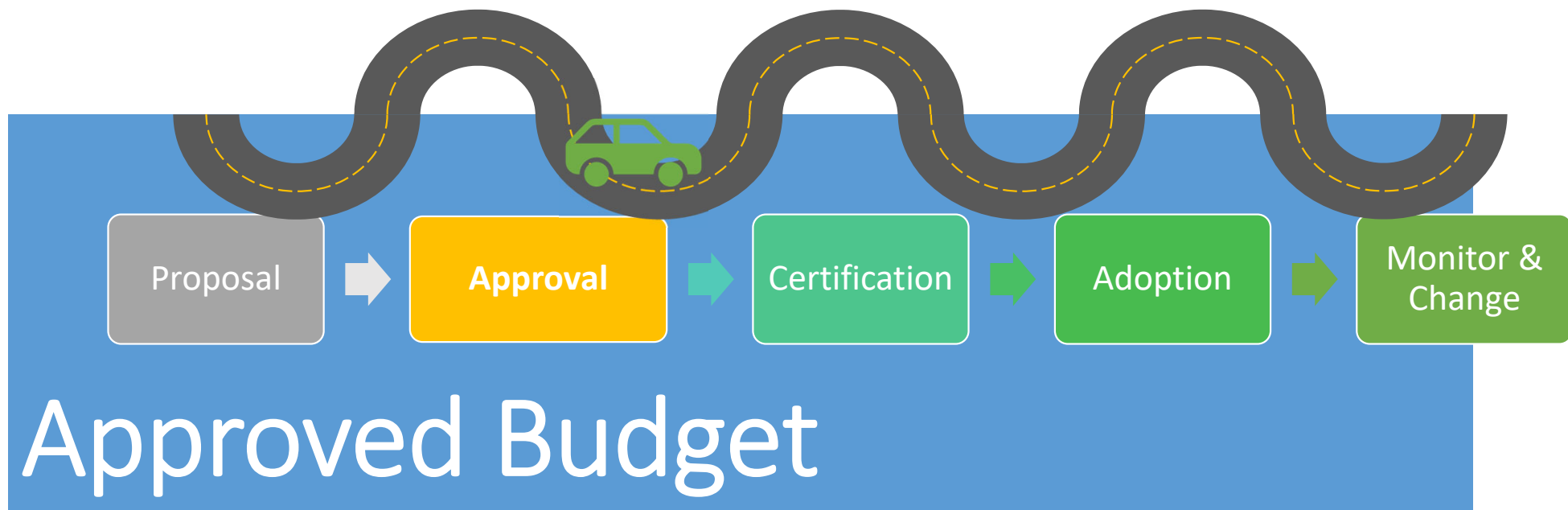
OAR 150-294-0430 and ORS 294.463(2)

- **Ending Fund Balance:** not an appropriation. Use is severely restricted.

OAR 150-294-0440

# Tips on releasing the Proposed Budget document

- At a minimum, proposed budget consists of the detail budget sheets and budget message (ORS 294.403)
- May be provided to members of the Budget Committee prior to first meeting for informational purposes only, (i.e. *no deliberations*)
- When given to Budget Committee it becomes a public document and a copy must be filed in the office of the municipal corporation for public inspection
- Means of duplication must be available to public. (District may charge reasonable fee for photo copies).





# Getting the Budget Approved

**All Budget Committees have the same duties:**

- Receive budget document
- Hear the budget message
- Take public comment
- Deliberate the budget and modify as agreed upon
- Approve the proposed or modified budget
- Specify the maximum tax rate or levy for each fund

**First things first: Notice the budget committee meeting(s)**

Must be advertised 5-30 days before the committee meeting (ORS 294.426)

# Two Types of Budget Committees in Multnomah County

## For Large Districts (serve populations over 200,000)

- Governing Body (Council, Commissioners, Directors, etc) serves as Budget Committee for Approved Budget stage
- Optional: May have community members involved through community budget advisory groups

## For Small Districts (serve populations under 200,000)

- Governing body and equal number of appointed community members (serve without compensation for three year terms, four years if biennial budget)



# Roadblock!

Failure to properly post public notice is a common mistake a violation of budget law.

TSCC cheat sheet on noticing for budget committee: [Budget-Committee-Noticing-Visual-Guide.pdf](https://tscmultco.com/Budget-Committee-Noticing-Visual-Guide.pdf)  
([tscmultco.com](https://tscmultco.com))



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# BUDGET COMMITTEE MEETING NOTICING

(References: ORS 294.426(5), ORS 193.060, ORS 193.020)

## What are the four possible publication methods?

Newspaper

- Print notice twice in newspaper five to 30 days prior to meeting
- Newspaper must meet requirements in ORS 193.020

OR

Newspaper +  
District Website

- Print once in the newspaper five to 30 days prior to meeting
- Post on website in a “prominent manner” at least 10 days prior to meeting

OR

Mail

- Mail notice by first class mail to each street address in district at least 10 days prior to meeting

OR

Hand Delivery

- Hand deliver to each street address in district at least 10 days prior to meeting



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### **NOTICE OF BUDGET COMMITTEE MEETING**

A public meeting of the Board of Directors, acting in their capacity as the Budget Committee of Portland Public School District 1J, Multnomah County, Oregon, will take place during the regular School Board meeting on the 26th day of May at 6:00 pm. The purpose of the meeting is to receive the Superintendent's budget message and Proposed Budget for the fiscal year July 1, 2020 through June 30, 2021, and to receive public comment. This notice is also published on the District website at [www.pps.net](http://www.pps.net).

In light of current public health concerns related to COVID-19, under the provision of ORS 192.670 the virtual meeting will be conducted online, rather than in person. The meeting will be streamed live at: <https://www.youtube.com/user/ppscomms/live>. Public comment and testimony related to the Proposed Budget may be submitted via email to: [publiccomment@pps.net](mailto:publiccomment@pps.net) or by mail addressed to: Board of Education, 501 N. Dixon Street, Portland, OR 97227. The items must be clearly labeled as public comment or testimony. Items received by 2:00 pm on May 26, 2020 will be presented to the Budget Committee at the May 26th meeting.

An additional meeting of the Budget Committee where public comment or testimony will be taken will be held on June 11th at 6:00 pm, also by virtual means via the website above. Public comment should be received by e-mail or mail no later than 2:00 pm on June 11, 2020 for the meeting on June 11th. A copy of the Proposed Budget is posted on the District website:

<http://www.pps.net/Domain/214>

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# Getting the Budget Approved

## Budget Committee Outcomes

Meeting notes or resolutions that document:

- Public comment
- Motions to make changes to the budget
- A motion to approve the budget
- A motion to approve the tax rates and tax levies



## Roadblock!

**Get familiar with quorum rules to make sure budget committee approval is legal:**

- Quorum is more than half the number of membership, not just the majority of those present.
- If you do not have the full number of electors, they are removed from the total for membership.
- If you have vacancies on the governing body, they are not removed from the total.



# Budget Committee Quorum

## Majority

### 5 Governing Body



### 5 Electors



Majority = 6



Vacancies on the governing body are **not removed** from total.

Majority = 6

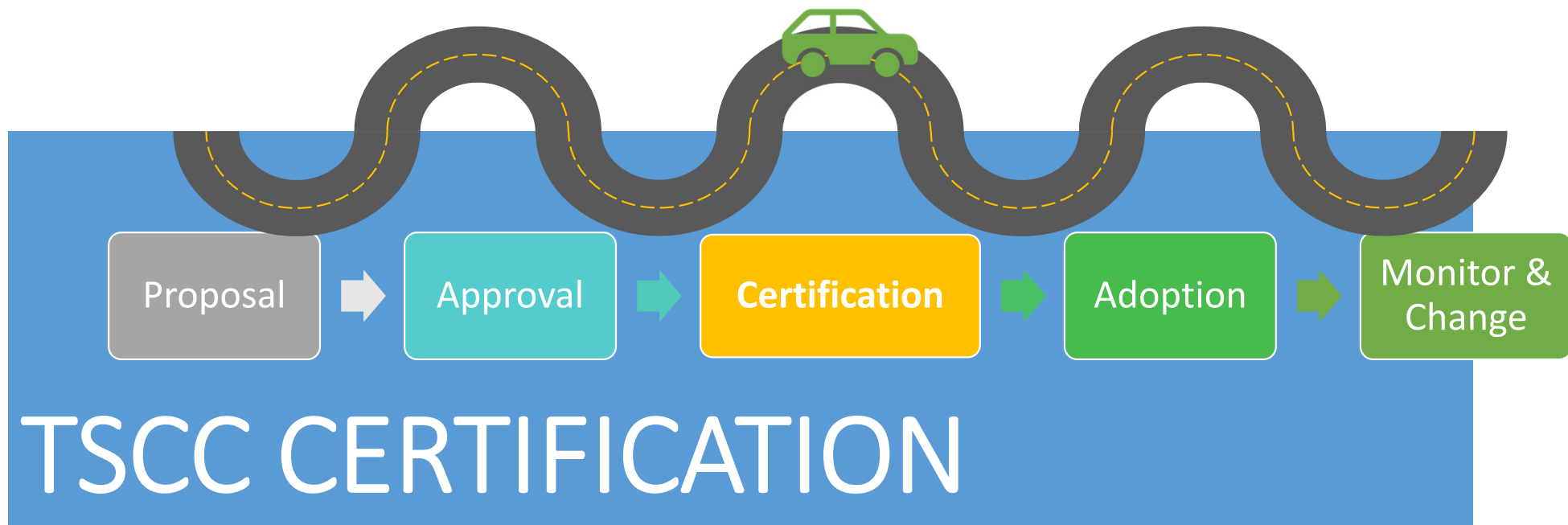


Elector vacancies are **removed** from total.

Majority = 4



Let's take a break



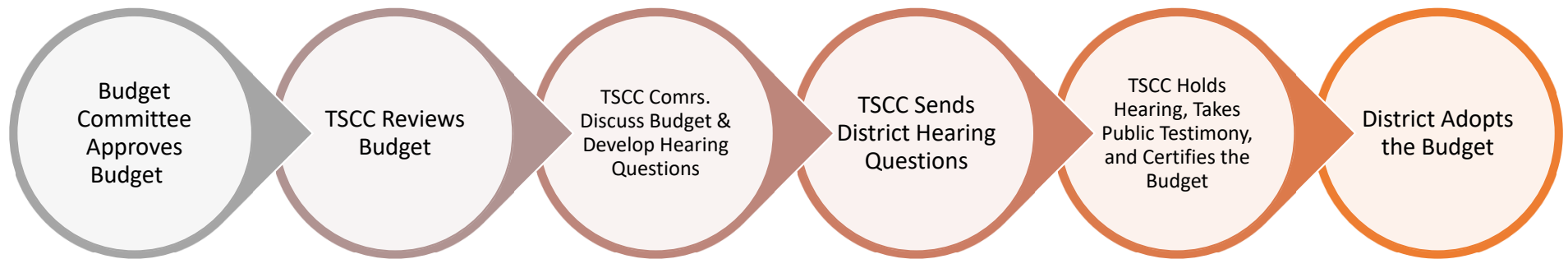
# TSCC Process for Small Districts

(Serving population of less than 200,000)



# TSCC Process for Large Districts

(Serving population of 200,000 or more)



# TSCC Review Requirements

**Member Districts Send TSCC by May 15 and 20 days (large districts or 30 days (small districts) prior to budget hearing:**

- Approved Budget Checklist (on TSCC website)
- Approved budget document
- Budget Message
- Budget Committee Meeting Notice
- Minutes and resolutions from the Budget Committee Meetings

# TSCC Approved Budget Review

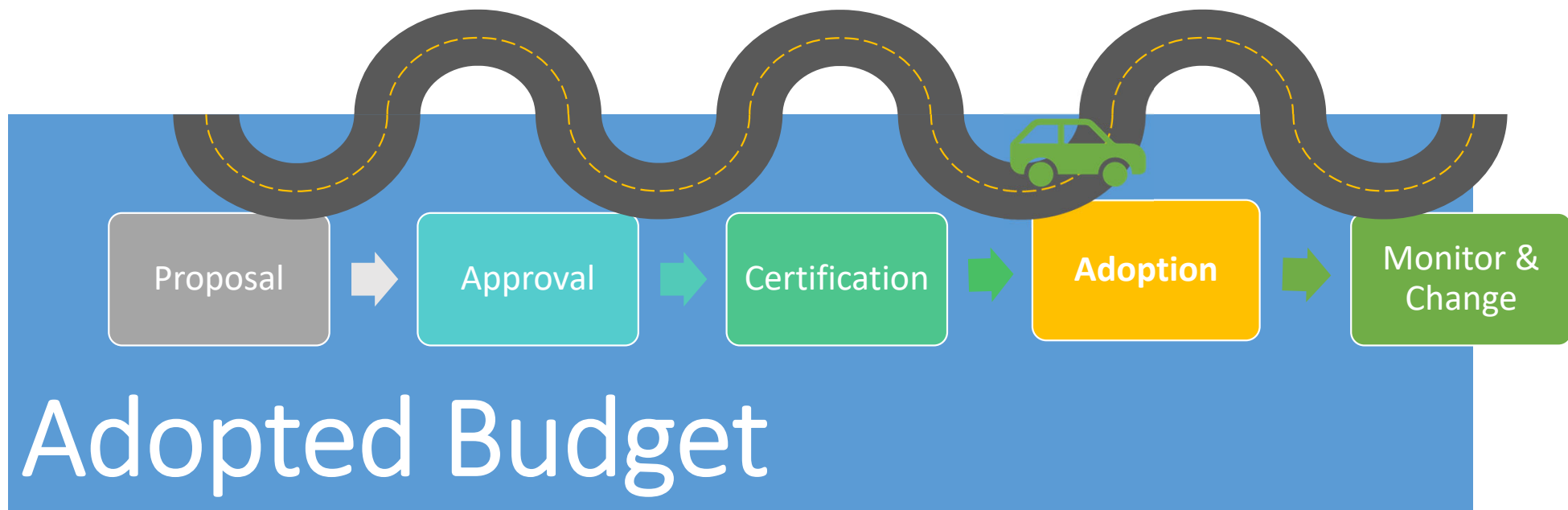
TSCC reviews the budget materials and provides a written review to Commissioners, along with any objections or recommendations it has with respect to the budget.

## Recommendation

A notice that something in the budget/spending process was done incorrectly or could be improved.

## Objection

Notice of something incorrect in the budget. Must be fixed prior to adoption.



# Getting to Budget Adoption

1. Prepare financial summary of Approved Budget ORS 294.438
2. Schedule and notice a budget hearing ORS 294.438
  - Use LB-1 (large districts can use streamlined summary format per ORS 294.448)
  - Must be advertised 5-30 days before budget hearing.
3. Hold public hearing to accept comments from the public ORS 294.453.
4. Governing body make changes to the budget if desired.
5. Use a Budget Resolution to adopt the budget ORS 294.456

Pro Tip: Have someone review your budget resolution.

**You do not want to have a do-over here.**



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# Roadblock!

1. The Governing Board may not increase expenditures in any fund by more than 10%\*

Expenditures	Non-Expenditures
Personal Services	Transfers Out
Materials and Services	Contingency
Capital Outlay	Ending Fund Balance
Debt Services	

2. The Governing Board may not increase the property tax levy\*

\*To make a change more than 10%, or increase the property tax levy, you must publish a new financial summary and schedule and notice a new budget hearing.



## Roadblock!

**You Must Have Quorum:** To hold a budget hearing the majority of the total governing board membership must be present. To take any action requires the affirmative vote of a majority of the total governing board. Majority is defined as one more than half unless otherwise specified by law. OAR 150-294-0480

**Holding Meetings Virtually:** HB 2560 took effect January 1, 2022, requiring governing bodies to make meetings accessible remotely when possible. Whether meeting is in-person or remote, you must allow for public participation and state the method of participation in your hearing notice.

# So what does the Resolution do?

## Adopts the Budget, Makes Appropriations, and Levy & Categorize Taxes

By adopting the budget, the governing body has:

Created appropriations, the legal authority to spend money-  
and the legal limit.

Authorized the County Assessor to levy taxes on its behalf.

**Pro Tip: Have someone review your budget resolution before you submit it to the governing body.**



RESOLUTION 2020-06-16

CORBETT WATER DISTRICT

June 16, 2020

**ADOPTING THE BUDGET**

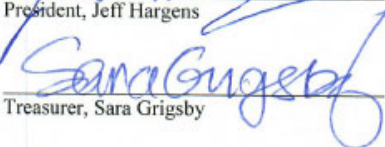
BE IT RESOLVED that the Board of Commissioners of Corbett Water District hereby adopts the budget for fiscal year 2020-2021 in the total amount of \$1,873,853 now on file in the Corbett Water District office located at 36120 E. Historic Columbia River Highway, Corbett, Oregon.

**MAKING APPROPRIATIONS**

BE IT RESOLVED that the amounts for the fiscal year beginning July 1, 2020 and for the purposes shown below are hereby appropriated:

<b>GENERAL FUND</b>	
Water Utility	\$1,639,090
Debt Service	\$138,458
Operating Contingency	\$80,000
<b>Total appropriations</b>	<b>\$1,857,548</b>
<b>UNAPPROPRIATED ENDING</b>	
<b>FUND BALANCE</b>	<b>\$16,305</b>
<b>TOTAL BUDGET</b>	<b>\$1,873,853</b>

  
\_\_\_\_\_  
President, Jeff Hargens

  
\_\_\_\_\_  
Treasurer, Sara Grigsby

\_\_\_\_\_  
Commissioner, Dan Graff

**IMPOSING THE TAX**

BE IT RESOLVED that the Board of Commissioners of the Corbett Water District hereby imposes the taxes provided for in the adopted budget at the rate of \$0.5781 per \$1,000 of assessed value; and that these taxes are hereby imposed and categorized for tax year 2020-2021 upon the assessed value of all taxable property within the district.

**CATEGORIZING THE TAX**

Subject to General Government Limitation	Excluded from Limitation
Permanent Rate Levy \$0.5781 per \$1,000	\$0.0000 per \$1,000

The above resolution statements were approved and declared adopted on this 16<sup>th</sup> day of June 2020.

  
\_\_\_\_\_  
Secretary, Robert Gaughan

\_\_\_\_\_  
Commissioner, Fred Sanchez

# Example Budget Resolution



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# The Adopted Budget Document

**Submit to TSCC along with Adopted Budget Checklist (on TSCC website) – submit by July 15 if possible, and no later than September 30:**

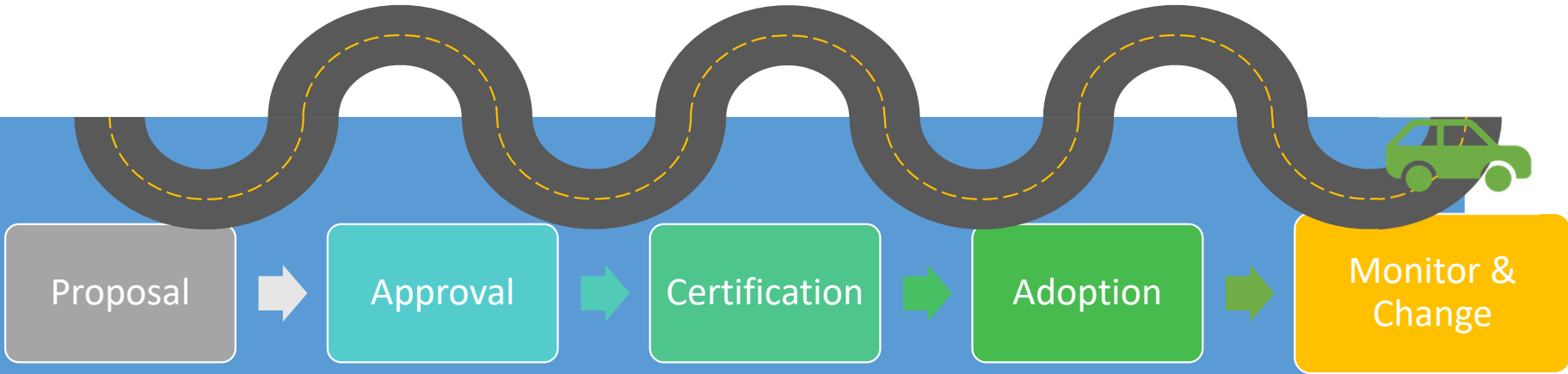
- Budget Message
- Budget committee meeting notices and screen shots of web site postings
- Budget committee minutes, resolutions, motions
- Budget hearing notice (LB-1) and screen shots
- Budget detail sheets
- Budget Resolution
- Resolution imposing and categorizing property taxes
- Notice of property tax levy form (LB-50) - *file with Assessor by July 15*
- Samples of ballots of any new property tax approved by voters, for first time levy

**OAR 150-294.0310**

**Use the budget document to show the world you prepared your budget correctly.**



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# Post-Adoption Changes

# Life After Budget Adoption

So, what if you need to make changes after adoption?

Local Budget Law provides ways to revise appropriations:

- ORS 294.463 – Resolution Transfers
- ORS 294.471 & 473 – Supplemental Budget

*Note: There is no provision to change ad valorem taxes*



# Post Adoption Budget Changes

Post Adoption Budget Changes					
Connecting Increased Financial Impact to Public Participation					
	Appropriation Resolution	Transfer Resolution	Supplemental Budget	Supplemental Budget with Hearing	
Hearing				Required	Increased Public Participation ----->
Notice			Required	Required	
Resolution	Required	Required	Required	Required	
	Increased Financial Impact ----->				



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# Post Adoption Budget Changes - Options

**“...an occurrence or condition not ascertained when preparing original budget...”**  
**ORS 294.471(1) (a)**

## **Appropriation Resolution**

Examples:

- Unforeseen grant funds for a specific purpose

## **Transfer Resolution**

Examples:

- Intra-fund & Inter-fund transfers
- Contingency transfer (up to 15% of total adopted fund appropriations, if more than 15% supplemental budget is required)

## **Supplemental Budget\***

Examples:

- Unforeseen grants funds for a general purpose

## **Supplemental Budget with Hearing**

- Creating a new fund
- New resources and requirements that will increasing a fund's expenditures by more than 10%

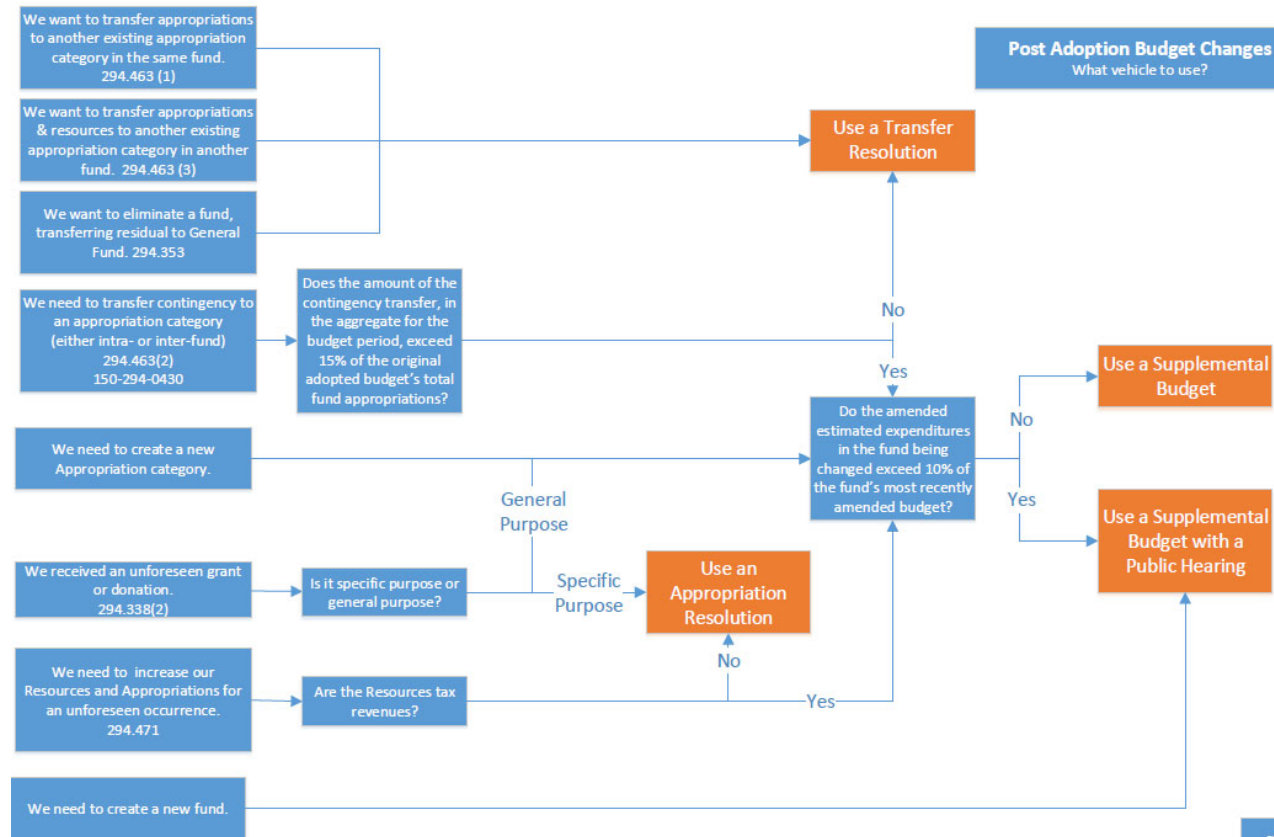
*\*Change in expenditures of 10% or more in a fund triggers public noticing & hearing requirement*

How to Guide from DOR: <https://www.oregon.gov/dor/programs/property/Documents/local-budget-changes-after-adoption.pdf>



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# Post Adoption Budget Changes



<https://www.tscmultco.com/wp-content/uploads/Post-adoption-changes-Two-Sided-2-CLG.pdf>



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## Roadblock!

You cannot spend directly from contingency – it must be transferred to another appropriation category.

To spend contingency that equals more than 15% of a fund's appropriations, you must do a supplemental budget.

TSCC resource on calculating the 15%: [PowerPoint Presentation \(tscmultco.com\)](https://tscmultco.com)



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# How to Transfer Contingency [\(ORS 294.463\(2\)\)](#)

**LESS than 15% of original appropriations**



## **ADOPT A RESOLUTION**

Reduce the contingency amount  
and increase an existing  
expenditure category by an equal  
amount

**MORE than 15% of original appropriations**



## **ADOPT A SUPPLEMENTAL BUDGET**

Reduce the contingency amount  
and increase an existing  
expenditure category by an equal  
amount

Remember – contingency calculations are made in aggregate,  
and appropriations are calculated using the original adopted  
budget. Your budget resolution is your guide!

# Calculating the 15%

## *Budget Resolution Making Appropriations*

### GENERAL FUND

Administration	\$100,000
Fire Services	\$200,000
Transfers Out	\$50,000
Special Payments	\$25,000
Contingency	\$100,000
<b>Total Appropriations</b>	<b>\$475,000</b>

Total Unappropriated Ending Fund Balance - \$25,000

**Total Budget - \$500,000**

Use total appropriations from the adopted budget resolution to calculate the 15%.

In this example, you can transfer up to \$71,250 of contingency by resolution, anything over amount that will require a full supplemental budget process.



Roadblock!

You must make changes to the budget **before** you spend the dollars.

Carefully monitor your spending and compare to your legal appropriations on a regular basis.

# Breakout Session (if time)

- Introduce yourself
- Share one thing you learned today, or one question you still have



# Some Common Questions

Q1: During budget committee deliberation we found an error in the Proposed Budget. What do we do?

Make the correction as part of the budget committee's approval process.

Correct errors in the Approved Budget when the Governing Board adopts the budget.\*

\*Keep in mind the 10% and property tax levy rules

## Q2: What's one of the most common budget mistakes?

### **Overspending Appropriations! Tips to avoid mistake:**

- Copy appropriation resolution and keep it prominently displayed in your work space.
- Run monthly reports to track actual revenues and expenses compared to budget estimates.
- React before expenditures exceed appropriation authority!

## Bonus question: What's one of the most dangerous budget mistakes?

### **Budget Committee Not Properly Setting Property Tax Levies! Tips to avoid mistake:**

- Double, then triple check calculations before presenting to the Budget Committee.
- Insist that the committee approve all rates just as they will appear on LB/ED – 50.
- Refer to DOR's Local Budgeting Manual.

Q3: We made a mistake and left something off the appropriations schedule our governing body approved – what do we do?

If it is correct in your budget, you can do a resolution that corrects and reappropriates.

This can only be done when something is included in the actual budget document and mistakenly left off of the appropriations schedule, since the budget is the justification for the appropriation resolution.

# Resources

- DOR website: <http://www.oregon.gov/DOR/programs/property/Pages/local-budget.aspx>
- DOR Local Budget Law Training sessions
- [State of Oregon: Forms - Forms and publications library](#) – Search “Local Budget”
  - Includes [DOR Local Budget Law Manual](#)
- [TSCC Budget Manual for Local Governments in Multnomah County](#)
- TSCC website: [www.tsccmultco.com](http://www.tsccmultco.com)

# Contact

[www.tscmultco.com](http://www.tscmultco.com)

503-988-3054

[Sign up for the TSCC e-newsletter](#)

[allegra.willhite@multco.us](mailto:allegra.willhite@multco.us)

# REFERENCE SLIDES

# Fund Definitions

Funds Defined in OAR 150-294.0420	
Government Fund Definitions	
Special Revenue	To account for revenues legally restricted to specific purposes and the expenses from these revenues
Capital Projects	For the acquisition or construction of major capital facilities (other than those financed by Enterprise, Special Assessment, or Trust Funds).
Debt Service	To accumulate revenues for - and pay - debt service
Special Assessment	For the financing of public improvements or services deemed to benefit the properties against which the special assessments are levied
Enterprise	For functions operated like private business or functions for which the governing body wants to periodically determine "profit or loss"
Internal Service Funds	See ORS 294.343
General	To account for all financial resources except those required to be accounted for in another fund
Trust and Agency Funds	To account for assets held by a governmental unit in a trustee capacity or as an agent for other entities

Funds Defined in GAAFR		
Governmental Funds	Used to account for activities primarily supported by taxes, grants, and similar revenue sources	General Fund
		Special Revenue Funds
		Capital Projects Funds
		Debt Service Funds
		Permanent Funds
Proprietary Funds	Used to account for activities that receive significant support from fees and charges	Enterprise
		Internal Service
Fiduciary Funds	Used to account for resource that a government holds as a trustee or agent on behalf of an outside party that cannot be used to support the government's own programs	Agency
		Investment Trust
		Pension and Other Benefits Trust
		Private Purpose Trust



## Estimating Resources: Rate-Based Property Tax Levies (Example)

\$30,000,000	Last Year's Assessed Value
X      3.0%	Estimated Annual AV Increase
<u>          </u>	
\$30,900,000	Projected AV
\$30,900,000	Projected AV
X      .0015985	Permanent Tax Rate (\$1.5985 per \$1,000)
<u>          </u>	
\$49,394	Taxes Extended
\$49,394	Taxes Extended
-      320	Compression
<u>          </u>	
\$49,074	Estimated Taxes to be Imposed
\$49,074	Estimated Taxes to be Imposed
X      94%	Assumed Collection Rate
<u>          </u>	
\$46,130	Estimated FY 22-23 Taxes to Be Received

## Estimating Personnel Services

Estimates of expenditures for personnel services must include for each organizational unit or activity the total budgeted cost of all officers and employees **and the number of related full-time equivalent positions.**

Current salaries/salary ranges not required to be in budget document but must be available upon request.

ORS 294.388(5)

# Estimating Requirements – Personnel Example

General Fund – Administration							
REQUIREMENTS							
Personnel Services							
	FY 2019-20 Actual	FY 2020-21 Actual	FY 2021-22 Revised	FY 2022-23 Proposed	FY 2022-23 Approved	FY 2022-23 Adopted	FTE
Full-time Salaries	100,000	110,000	112,000	115,000	0	0	2.00
Employee Benefits	2,000	2,100	2,500	3,000	0	0	
FICA	7,000	7,200	7,300	7,500	0	0	
Pension	40,000	41,000	41,500	42,000	0	0	
Insurance	30,000	32,000	34,000	35,000	0	0	
Total Personnel Services	179,000	192,300	197,300	202,500	0	0	

Salaries not required but must be available on request  
ORS 294.388(5)



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# Estimating Materials & Services

State of Oregon	
CPI Projection	
<i>All Urban Consumers, West Region (All Items)</i>	
2023	4.7%
2024	2.8%
2025	2.5%

Forecasts: [www.oregon.gov/das/oea/documents](http://www.oregon.gov/das/oea/documents)

Actuals: CPI-W West-Size A [Bureau of Labor Statistics Data](http://Bureau of Labor Statistics Data)  
([bls.gov](http://bls.gov))

# Estimating Capital Outlay

Assets with an initial life exceeding one fiscal year, with a minimum value determined by governing board

Can be Allocated or Unallocated ORS 294.388(3)

<b>Requirements Classification System</b>			
<b>Fund: General Fund</b>			
Admin Svcs	Cap Outlay	Office Furn	
		Vehicles	
Public Safety	Multiple	Multiple	
Cap Outlay Unallocated	Cap Outlay	New City Hall	

# Estimating Special Payments & Debt Service

**Special Payments** – includes payments of taxes, pass-through fees or charges, grants to other organizations, and other expenditure that do not fit in the other expenditure categories

(Object classifications section of Local Budgeting Manual)

**Debt service** – estimates must include separate amounts for principal and interest for each bond issue in each fund.

ORS 294.388(6)

# Estimating Contingencies

“The estimate for a fund may include an estimate for general operating contingencies”. 294.388(7)

An operating contingency is for expenditures in “operating funds” that “cannot be foreseen and planned in the budget” and should be based on prior history or risk analysis. OAR 150-294-0430

There is no limit on how much can be budgeted as contingency.

**No Contingencies in Debt Service Funds!**

# Estimating Reserved for Future Expenditures & Unappropriated Ending Fund Balance

150-294-0440

## **Reserved for Future Expenditures** OAR 150-294-0350

- Can be budgeted in a Reserve Fund and is for funds “saved” for use in future fiscal years.
- Not included in appropriations, but can be appropriated using a supplemental budget if need arises.

## **Unappropriated Ending Fund Balance** OAR 150-294-0440

- Set-aside for next year’s working capital prior to receipt of revenues sufficient to meet expenditures.
- Cannot be spent during the year except in specified situations.



Bonus Q: I want to modify my budget to transfer revenue and expenditures from one fund to another fund. Does this require a supplemental budget?

If you are transferring between funds (without changing the total appropriations across the budget), you can do a transfer approved by resolution (ORS 294.456).

What if it's more than 10% of the fund?

The 10% rule does not apply to interfund transfers (OAR 150-294-0550).

What if I need to create a new appropriation category to transfer the funds?

If the fund you are transferring to has no appropriations per your adopted budget resolution, you will need to do a supplemental budget (OAR 150-294-0540).

Bonus Q: The appropriations in the budget resolution are the legal spending limits. But what about the object classifications in those appropriations? Are personnel services, materials & services, and capital outlay levels in the budget also legal spending limits?

A district's budget resolution is the sole source of legal spending limitations for local budget law purposes.

Generally, appropriations are made at the fund and organizational unit or program/activity level.\*

Unless a district appropriated to the object classification level in their budget resolution, budget category and line item amounts are not spending limits.

*\*This is true for most districts. However, schools and ESDs appropriate by function categories, and community colleges may appropriate by function or by program.*