



Multnomah County Local Budget Law Training

8:30 AM Thursday, January 18, 2024

Tax Supervising and Conservation Commission

Allegra Willhite, Executive Director

Tunie Betschart, Budget Analyst

Guest Speaker on Property Tax: Carol Samuels

Today's Agenda

8:30	Welcome & Introductions (10 min)	Everyone
8:40	What is the Tax Supervising and Conservation Commission? (5 min)	Allegra
8:45	Budget Law Basics & Budget Preparation (25 min)	Allegra
9:10	Property Tax Overview (40 min)	Carol Samuels
9:50	Proposed Budget – What is it and Estimating Resources (30 min)	Allegra
10:20	Break & Networking (15 min)	Everyone
10:35	Proposed Budget – Estimating Requirements & Balancing the Budget (20 min)	Allegra
10:55	Approved Budget and the Budget Committee (20 min)	Tunie
11:15	TSCC Review of Approved Budget (10 min)	Allegra
11:25	Break & Networking (15 min)	Everyone
11:40	Adopted Budget (15 min)	Allegra
11:55	Post-Adoption Changes (15 min)	Allegra
12:10	Frequently Asked Budget Law Questions – Group Activity! (15 min)	Everyone
12:25	Wrap Up	Everyone

Resources

- TSCC Staff, available anytime, anywhere
- [TSCC Budget Manual for Local Governments in Multnomah County](#)
- TSCC website: www.tscmultco.com (Check out Training page)
- 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](#) – Local Budget
 - Includes [DOR Local Budget Law Manual](#)

What is the Tax Supervising and Conservation Commission?

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
- Limited authority – 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.



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

Limited membership option also available

TSCC Member Districts

13 Large Districts (serves over 200k)

- Multnomah County
- Multnomah County Library
- Metro
- Port of Portland
- TriMet
- East Multnomah Soil & Water
- Urban Flood Safety & Water Quality
- City of Portland
- Prosper Portland
- Multnomah Education Service District
- Portland Public School District No.1J
- Mt. Hood Community College
- Portland Community College

23 Small Districts (serves under 200k)

- All the other taxing districts – too many to list!
- Regional districts, cities, urban renewal agencies, K-12 schools, fire districts, water districts, and county service districts that serve less than 200,000 people

Budget Law Basics

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.

Why Create A Budget?

We create a budget in order to identify appropriations.

**Appropriations are the legal authority
to spend public money**

RESOLUTION R-2-2023

RESOLUTION ADOPTING THE BUDGET

BE IT RESOLVED that the Board of Directors of the Multnomah County Rural Fire Protection District No. 10 hereby adopts the budget for fiscal year 2023-2024 in the total of \$2,997,168
 This budget is now on file at the District Administration Office, 30300 SE Dodge Park Boulevard, in Gresham, Oregon.

RESOLUTION MAKING APPROPRIATIONS

BE IT RESOLVED that the amounts for the fiscal year beginning July 1, 2023, and for the purposes shown below, are hereby appropriated:

General Fund

<u>Organization Unit or Program</u>		
Fire and Emergency Services	\$1,703,525	←
Debt Service	353,527	←
Transfer to Capital Reserve Fund	40,000	←
Contingency	60,000	←
Total	<u><u>\$2,157,052</u></u>	

What is an Appropriation?

Total Appropriations, All Funds	\$2,157,052
Total Unappropriated and Reserve Amounts, All Funds	<u>840,116</u>
TOTAL ADOPTED BUDGET	<u><u>\$2,997,168</u></u> *

RESOLUTION IMPOSING AND CATEGORIZING THE TAX

BE IT RESOLVED that the Board of Directors of Multnomah County Rural Fire Protection District No. 10 hereby imposes the taxes provided for in the adopted budget at the rate of \$2.8527 per \$1,000 of assessed value, the permanent rate, and that these taxes are hereby imposed for tax year 2023-24 upon the assessed value of all taxable property within the District, and are hereby categorized for purposes of Article XI section 11b as follows:

Subject to the General Government Limitation	Excluded from Limitation
Permanent tax rate\$2.8527 per \$1,000	\$0

Legislative Intent of Oregon's Local Budget Law (ORS 294.321)

- ▶ To establish standard procedures and process
- ▶ To describe programs and policies
- ▶ To estimate revenues and expenditures
- ▶ To create transparency through community member input and involvement
- ▶ To provide control from overspending
- ▶ To tell the financial story in standardized format

Pop Quiz: What is a Budget?



- a) A financial plan
- b) A way to prioritize spending
- c) A tool to monitor expenditures
- d) An estimate of income and expenditures for a set period of time
- e) The basis used to establish appropriations (legal spending limits)
- f) All of the above

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](#)
- TSCC website: www.tscmultco.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)

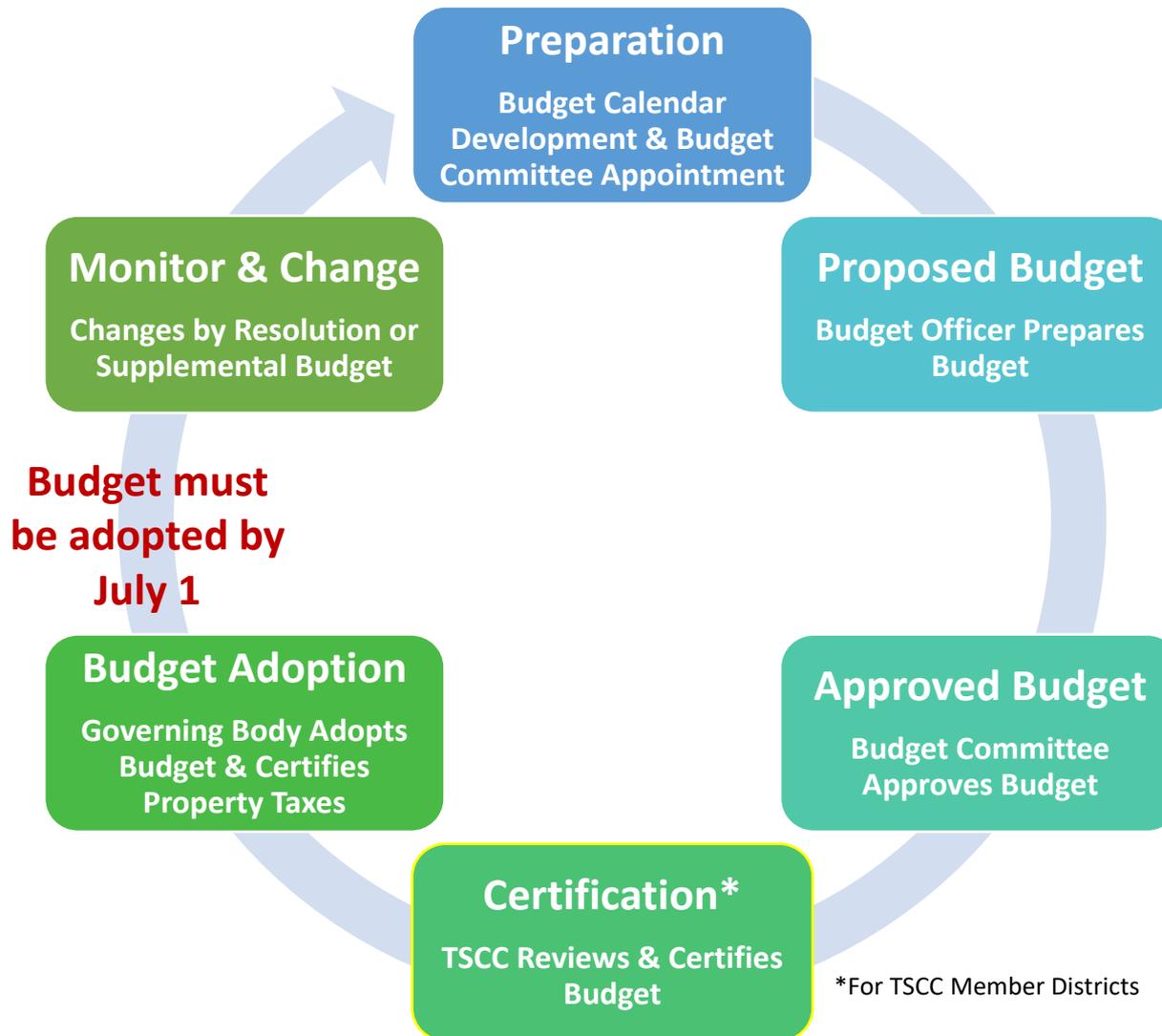
To Summarize...

- Budget law is built with transparency in mind.
- Budget is used to justify your appropriations.
- Statutes and admin rules are your guide.
- Following budget law does matter.

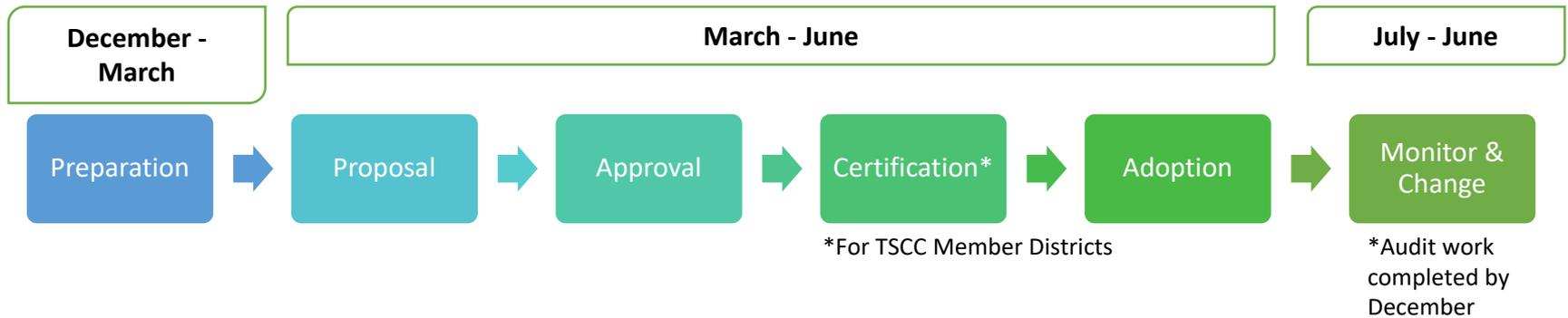
Budget 101



Budget Cycle for Local Governments



Timeline



Prior to July 1

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

Budget Preparation

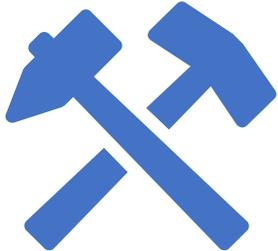
Let's Get Started!



People



Map



Tools

Who Creates A Budget?

The budget is:

Prepared & **Proposed** by Staff

Modified & **Approved** by the Budget Committee

Modified & **Adopted** by the Governing Board



A Budget Officer must be appointed – either by the governing body or as outlined in district charter/other governing document.



Budget Prep: Appointing Budget Committee Members

- The Budget Committee is a local government’s “fiscal planning advisory committee” ([Local Budgeting Manual](#)).
- Members must be qualified voters in the district.
- Districts over 200,000 in Multnomah County can have their governing body serve as budget committee (more on that later).
- ORS 329.711 – School district budget committees must fill at least one vacancy with member of educational equity advisory committee.

Budget Prep: Creating the Budget Calendar



- Prepared by the Budget Officer
- Includes:
 - Timing of Proposed, Approved and Adopted Budgets
 - Scheduled meetings and hearings
 - Dates of required notices (Budget Committee and Public Hearing)
 - TSCC and other filing requirements
 - Tax elections, if necessary

Goal is to ensure all steps are completed prior to July 1



Building Your Budget

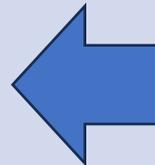
General Fund

Resources

- Beginning Fund Balance
- Revenues (Property Tax, Federal Funds, Etc.)
- Transfers In

Requirements

- Operating Expenditures (Personnel Services, Materials & Services, Capital Outlay, Debt Service)
- Transfers Out
- Special Payments
- Contingency
- Reserved for Future Expenditure
- Ending Fund Balance



Your Budget Appropriation Resolution will categorize requirements by fund and org unit/program activity or function (schools only)

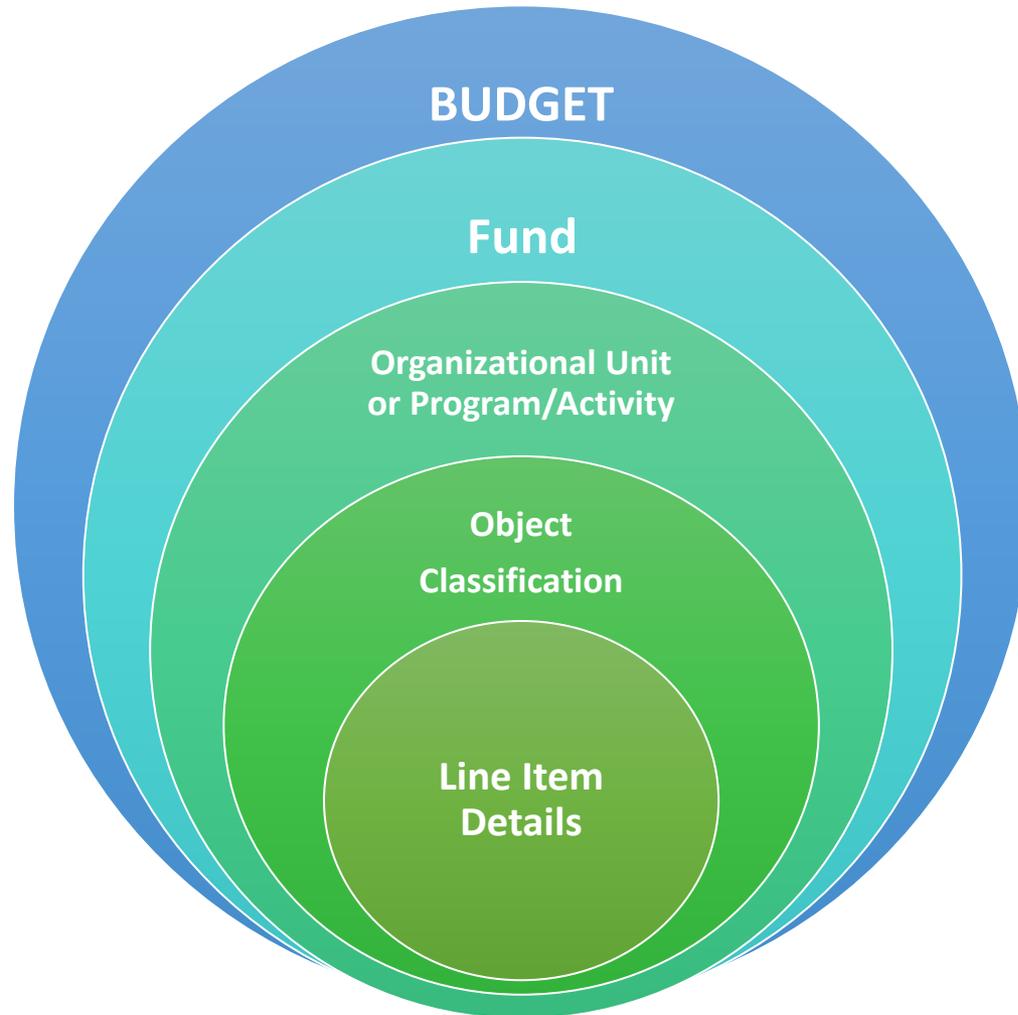
Property Tax Basics

Guest Speaker: Carol Samuels (Piper Sandler)



Proposed Budget

Building Your Budget



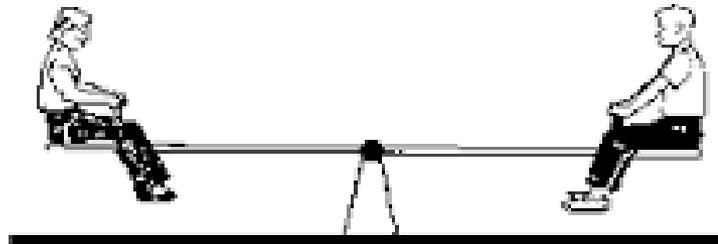
NOTE: Schools can budget by function instead of object classification.

ORS 294.388

Budgeting by Fund

Local governments are required by ORS 294.333 to maintain accounting records by fund, using a cash, modified accrual, or accrual basis of accounting.

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.



Funds

General Fund

Unrestricted
Revenues

Discretionary
Spending

All Other Funds

Restricted
Revenues

Restrictions set by:
Law
Contracts
Board Policy

Fund Definitions: [OR Admin Rules 150-294-0420](#)

Fund Types

General Fund

Revenue from permanent rate, local option levy for operations, interest and other charges/fees received to cover general operations with no restrictions on how resources are used

Special Revenue Fund

Dedicated to local option levy money, specific purpose grants, or other money required to be segregated by statute, charter, or terms.

Capital Project Fund

Revenue from GO bonds proceeds, local option levy for capital projects or grant monies to finance a capital project.

Debt Service Fund

Revenue comes from special property tax levy (such as Revenue Bonds or GO bonds) to budget for payment of principal and interest on long-term debt.

Fund Types

Internal Services Fund

Revenue from services provided from one department to another department. ex. Fleet Management.

Enterprise Fund

For revenue received in fees or charges used to cover expenses of a business type entity such as running a parking garage or pool.

Trust & Agency Fund

Grants, gifts or transfers from general fund received in a fiduciary capacity to be used for a specified purpose.

Reserve Fund

Transfers from general funds or grants used to accumulate money for financing the cost of a service, project, property or equipment. Resolution required to create fund.

Pop Quiz!

By law, what is required for the Proposed Budget?

- a) Budget Detail Sheets
- b) Budget Message and Budget Detail Sheets
- c) Budget Message, Budget Detail Sheets, and Fund Descriptions

What is the Proposed Budget?

- Budget Message
- Budget Detail Sheets
- Whatever else the district would like to include

Proposed Budget - Budget Message (294.403)

- 1) Explains budget document
- 2) Describes proposed financial policies for ensuing year
- 3) Describes important features of the budget document
- 4) Notes salient changes in appropriation and revenue items
- 5) Explains major changes in financial policies
- 6) Notes changes in method of accounting and the impact

Prepared at direction of CEO or Presiding Officer

Presented to Budget Committee with budget document
@ Committee's first meeting

Proposed Budget – Detail Sheets

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

City of Maywood Park

(Fund)

(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

Proposed Budget Steps

- Estimate Resources
- Estimate Requirements
- Balance Budget

Estimating Resources

\$ 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



ORS 294.361

Estimating Resources: Beginning Fund Balance

Estimating Beginning Fund Balance (BFB):

$$\begin{aligned} & \text{Current cash on hand} \\ + & \text{ Estimated revenue from today to June 30th} \\ - & \text{ Estimated expenditures from today to June 30th} \\ = & \text{ Estimated BFB for start of upcoming fiscal year} \end{aligned}$$

Estimating Resources

Estimating Property Taxes

Rate-Based Levy

[Permanent Levies & Local Option Levies, e.g. \$5.2781 & \$1.99]

$$\text{Assessed Value} \times \text{Rate} = \text{Taxes Levied}$$

Dollar Amount Levy

[GO Bond Levies, e.g. \$136 million]

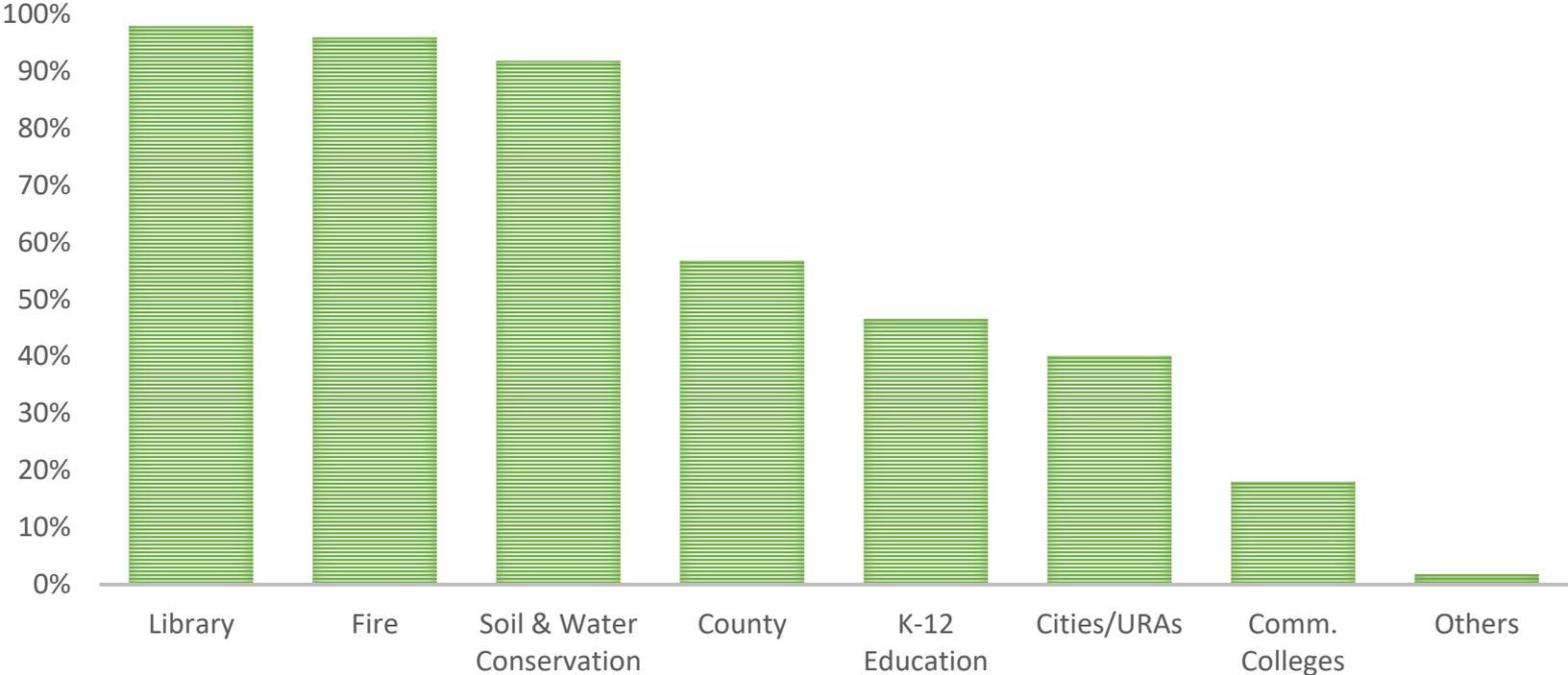
Tax Levy Types

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

PROPERTY TAX AS PERCENT OF TOTAL GENERAL FUND REVENUE





Measure 50
Property Tax
Initiative

Maximum Assessed Value:

How Oregon Property Tax Begun



City of Maywood Park

Numbers in red can be changed

	2019-20	2020-21	2021-22	2022-23	Rate	2023-24 Selected Factor	PROJECTION Projection
Permanent Rate Levy					\$ 1.9500		
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:			<u>149,000</u>

Estimating Property Taxes: Rate-Based Tax Levies

\$30,000,000	Last Year's Assessed Value
X <u>3.0%</u>	Estimated Annual AV Increase
\$30,900,000	Projected AV
\$30,900,000	Projected AV
X <u>.0015985</u>	Permanent Tax Rate (\$1.5985 per \$1,000)
\$49,394	Taxes Extended
\$49,394	Taxes Extended
- <u>320</u>	Compression
\$49,074	Estimated Taxes to be Imposed
\$49,074	Estimated Taxes to be Imposed
X <u>94%</u>	Assumed Collection Rate
\$46,130	Estimated FY 24-25 Taxes to Be Received

Estimating Property Taxes: Dollar Amount Tax Levies

Calculating Taxes to be Levied

Example:

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

Divided by Collection Percent	.958
Equals Tax Levy	= \$ 53,236

Levy to Approve & Certify: \$ 53,236

Estimating Compression & Collection Rate

Taxes Extended
- Compression
Taxes Imposed

Total Compression Loss
for Multnomah County
Districts in 23-24 = 4%

Taxes Imposed
x Collection Rate
Taxes Budgeted

Average
Collection Rate
for past 10 years
= 95.6%

Note: Economists are estimating collection rate may decline starting this year.



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	- \$ 10,000
Equals Taxes Needed	= \$ 50,000

Divided by Collection Percent	.950
Equals Tax Levy	= \$ 52,632

Levy to Approve & Certify: \$ 53,632

GO Bond Fund Calculator		Questions? Contact TSCC staff for assistance, we're here to help.
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STEP 1 - Estimate FY 2023-24 BFB

Estimated Beginning Fund Balance Calculator	
Current Cash	800,000
Estimated Resources for Rest of Current FY	2,450,000
Debt Payments to be Paid in the Rest of Current FY	2,500,000
Total Estimated Beginning Fund Balance	750,000

Analytical check: Does your estimated BFB match the amount you need for debt payments prior to receiving property taxes in the upcoming budget year?

STEP 2 - Use Debt Schedule to Understand Payments

For the Year You Are Budgeting:

	Date	Principal	Interest	Total
Payment 1	11/15/2023		600,000	600,000
Payment 2	6/1/2024	1,700,000	600,000	2,300,000
	Total FY 23-24	1,700,000	1,200,000	2,900,000

For the Following FY:

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
	Total FY 24-25	1,700,000	1,200,000	2,900,000

**Review your historic property tax receipts to better understand at what date you will receive the p. tax amount necessary to cover debt payments.*

STEP 3 - Build Your Budget (Fill in Green Boxes in Column C)

Estimated Beginning Fund Balance	750,000
Prior Year Taxes	165,000
Interest earned	20,000
Total Resources Other Than Current Yr Taxes	935,000

*Current Cash On Hand + Est. Res - Est. Req.
Review historical data to inform estimate
Review historical data to inform estimate
Auto-calculated field*

Taxes Necessary to Balance	2,565,000
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Amount to budget for property taxes to be received in the upcoming FY

Estimating Resources

\$ Beginning Fund Balance

\$ Revenues

¢ Property Taxes (current year)

¢ Prior Year Property Taxes

¢ Fees, Licenses, Fines

¢ Enterprise Revenue

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¢ Sale of Assets

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\$ Cash

\$ Interfund Service Reimbursements

ORS 294.361

Let's take a break

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



Your Guide: These are the object classifications as specified by ORS.



Your Tools: Look at historical records, talk to staff, and use forecasting techniques to estimate the numbers.

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	Materials & Services	
Utilities		
Office Supplies		
Travel & Meetings		
Property Maintenance		
Capital Projects	Capital Outlay	
Debt Service	Debt Service	
Transfers to Other Funds	Transfers Out	
Contingency	Contingency	Contingency
Ending Fund Balance	Ending Fund Balance	Ending Fund Balance

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

Organize your Budget to Match Appropriations

Line items (your chart of accounts) roll up to Object Classifications (your expenditures) and four requirements categories: transfer, contingency, reserves, and ending fund balance.

When appropriating, operating expenditures will be allocated/organized by organizational unit (e.g. Administration) or activity (e.g. Fire Protection) in the budget resolution that appropriates funds.

Object Classification	Expenditure or Requirement?	Allocated or Not Allocated to an Organizational Unit or Activity?
Personnel Services	Expenditure	Usually Allocated
Materials & Service		
Capital Outlay		
Special Payments		
Debt Service		
Transfers (Out)	Requirement	Not Allocated
Operating Contingency		
Reserves for future expenditure		
Unappropriated Ending Fund Balance		

Yellow highlight = operating expenditures, these can be combined and allocated to an org unit or activity in your appropriations.

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Estimating Requirements - Personnel

Personnel Cost budget must include FTE

General Fund – Administration							
REQUIREMENTS							
Personnel Services							
	FY 2022-23 Actual	FY 2022-23 Actual	FY 2023-24 Revised	FY 2024-25 Proposed	FY 2024-25 Approved	FY 2024-25 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	

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 Materials & Services

State of Oregon CPI Projection <i>All Urban Consumers, West Region (All Items)</i>	
2022	8.0%
2023	4.4%
2024	3.0%
2025	2.7%
2026	2.4%

CPI-W West-Size A data

State Economic Forecast, December 2023

<https://www.oregon.gov/das/oea/Documents/OEA-Forecast-1223.pdf>

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)



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

Estimating Non-Operating Expenditures



ORS calls out several categories for special treatment – these are appropriated separately from operating expenditures (personnel services, materials & supplies, and capital outlay).

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

ORS 294.388(6)

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

(Definition from object classifications section of Local Budgeting Manual)

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.

Pop Quiz

For personnel services, what are you required to include in your budget detail sheets?

- A. Full Time Equivalent amounts (FTE)
- B. A list of individual positions
- C. Salary ranges for each positions



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

Organization Matters

- Your budget is what is used to justify the appropriations in your budget resolution.
- Your appropriations must be organized as specified in budget law (by fund, by org unit or program/activity or ODE function or object classification)
- Organize your budget to easily flow into the appropriations in your budget resolution.

And now we balance!

Resources & Requirements

Each fund must be balanced

Resources = **Requirements**

	Beginning Fund Balance		Ending Fund Balance
+	Revenues	+	Expenditures
+	<u>Transfers In</u>	+	<u>Other Requirements</u>
=	Total Resources	=	Total Requirements

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

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
RESOURCES						
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
REQUIREMENTS						
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!

Things to watch out for when 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).



Approved Budget & Budget Committee

Getting the Budget Approved: The Budget Committee

Only in Multnomah County:

Large Districts serving populations over 200,000

Governing Board is Budget Committee

Small Districts serving populations under 200,000

Citizen Budget Committee

Budget Committee Membership For Small District

- Governing body and equal number of appointed electors
- Serve three year terms (four year terms if biennial budget)
 - ❖ If unable to find a willing number of appointive members, those who are willing to serve act along with the governing body
- All have equal authority
- Serve without compensation



Budget Committee Membership For Large District

- Governing body acts as the budget committee, without appointed citizen members.
- Governing body may choose, by Resolution, to appoint citizen members to the budget committee.
- Governing body of a city with a population in excess of 400,000 serves as the budget committee for the city's urban renewal agency.



Notice of Budget Committee Meeting

Important step in the budget process:

- Seeks public input
- Informs the public of the budget committee meeting(s)

Notice must contain the following items:

- Purpose (receive budget message and budget document)
- Date(s)
- Time
- Location(s) of the budget committee meeting(s)
- Where the public can inspect the budget
- When questions and comments will be received from the public (can be either at first meeting or subsequent meeting).

Notice of Budget Committee Meeting (cont.)

Four Publication Methods

1) Printing twice in newspaper



2) Posting notice on the district's website in a “prominent manner”
AND
Printing once in the newspaper 5-30 Days before meeting



3) Mail to each address

4) Hand delivery to each street address



Notice of Budget Committee Meeting (cont.)

More than one meeting:

- ❖ all meeting dates/times/locations can be included in first notice
- ❖ or meetings subsequent to first meeting can be noticed the same as regular meetings

First notice must include the meeting date at which public comment and questions will be taken.

PUBLIC PARTICIPATION IS A VERY IMPORTANT PART OF THE BUDGET PROCESS.

Budget Committee Quorum Rules

The budget committee must have a quorum present in order to conduct a meeting or take action.

- ❖ Quorum is more than half the number of the membership
- ❖ Takes majority of membership, not just majority of those present, voting in the affirmative to approve any motion



Budget Committee Quorum

(Cont.)

Quorum

Budget Committee of 10



Full Budget committee

Quorum = 6



8 Filled – 2 Vacancies

Quorum = 5



7 Filled – 3 Vacancies

Quorum = 4

Budget Committee Quorum

Majority (Cont.)

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

*The previous 2 examples were taken from the Oregon Department Of Revenue's Power Point Presentation Basic Local Budget Law Approving the Budget 2021

Budget Committee Duties

The committee's primary objectives are to:

- ❖ Receive the budget document
- ❖ Receive the budget message
- ❖ Hear and consider public comment

“The Budget Committee may not deliberate on the budget document before the first meeting.” ORS 294.426(6)(a)



Budget Committee Duties

(cont.)

❖ Establish resources & expenditures for each fund

❖ Approve the budget

Here is an example of motion approving the budget:

- I move that the Fall City Budget Committee approves the 2024-25 fiscal year budget in the amount of \$32,000,081 as amended.”

❖ Specify the maximum ad valorem (property tax) rate or dollar amount for each fund that receives property taxes.

Here is an example of motion setting the tax limits:

- I move that the Sun City budget committee approve the property tax for fiscal year 2024-25 at the rate of:
 - \$4.1523 per \$1,000 AV for the permanent rate tax levy
 - \$0.1800 per \$1,000 AV for the local option levy, and
 - \$345,698 for the general obligation bond levy



Budget Committee Duties – Budget Approval

- Committee Duties are complete once they approve budget.
- Budget staff will complete the Approved Budget column.

2021-22 Actual	2022-23 Actual	2023-24 Revised Budget	Line Item	2024-25 Budget			
				FTE	Proposed	Approved	Adopted
\$	\$\$	\$\$\$	Personal Services	10	\$\$\$\$	\$\$\$\$	

The budget committee may meet from time to time at its discretion 294.428 (2)



TSCC Review of Approved Budget

Why a TSCC Review?

1. TSCC is required by state law to review the Approved Budgets of member jurisdictions.
2. TSCC review is a good opportunity for a second look at your budget.
3. TSCC maintains all budget information by fund and by district in its database system, which is used to create the state law required Annual Report.

TSCC Review Requirements

Member Districts Send TSCC:

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

What Does TSCC Review?

Some of the items we look for:

- Is each fund balanced in all four years?
- Do the actual expenses for prior years balance to the audit?
- Are the current and prior year property tax collections reasonable?
- Do the GO debt service payments balance to the debt service schedules?
- Is the GO debt service fund balance unnecessarily high?

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.

TSCC Budget Review: Recommendations & Objections

Common Errors Generating Recommendations

Repeated over-expenditures in prior years
Improper meeting notice
Transfers don't balance across funds

Common Errors Generating Objections

An excessive fund balance in GO Bond fund
Having a contingency in a non-operating fund

TSCC Certification Letter

Following budget review and discussion with the Commissioners, TSCC will send member districts a letter certifying any recommendations and/or objections the commission has to budget or budget process.

This letter is acknowledged and discussed at the district's Budget Hearing.

Districts should respond to the recommendation or objection as requested in the letter.

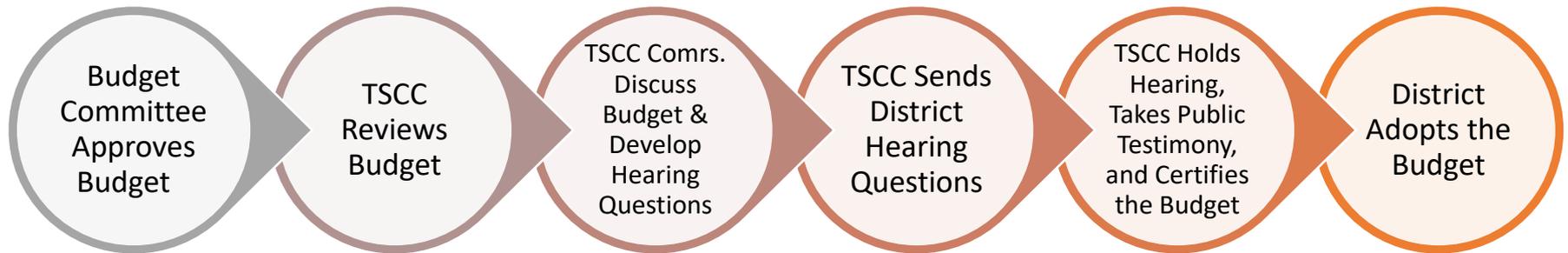
TSCC Process for Small Districts

(Serving population of less than 200,000)



TSCC Process for Large Districts

(Serving population of 200,000 or more)



Be a TSCC Commissioner...

General Fund

Resources

BFB	\$50,000
Property Tax	\$150,000
Total Res.	\$200,000

Requirements

Personnel	\$100,000
M&S	\$50,000
Contingency	\$50,000
EFB	\$25,000
Total Req.	\$225,000

GO Bond Debt Service Fund

Resources

BFB	\$500,000
Property Tax	\$100,000
Total Res.	\$600,000

Requirements

DS Principal	\$75,000
DS Interest	\$25,000
Contingency	\$25,000
EFB	\$475,000
Total Req.	\$600,000

Can you spot the three budget errors?

Let's take a break



Adopted Budget

Getting to Budget Adoption

1. Prepare financial summary of Approved Budget ORS 294.438
2. Schedule and notice a budget hearing ORS 294.438
3. Hold public hearing to accept comments from the public
ORS 294.453
4. Discuss TSCC review and certification (member districts)
ORS 294.645
5. Use a Budget Resolution to adopt the budget ORS 294.456

Small TSCC Districts

Budget Hearing Notice & Process

- District publishes a notice of the hearing as described in ORS 294.438
 - Use [DOR form LB-1, CC-1, UR-1, or ED-1](#)
- District conducts the public hearing
- Any person may appear for or against any item in the approved budget document

Large TSCC Districts

Budget Hearing Notice & Process

- District publishes a notice of the hearing with a streamlined, summary format. ORS 294.448(2)
- TSCC Commissioners conduct the public hearing*
- Any person may appear for or against any item in the approved budget document

**District is responsible for noticing the hearing*

The TSCC Budget Hearing

The TSCC Commissioners seek information from the board and staff.

- How are the budget priorities manifested in the budget?
- How do staffing increases or decreases impact the budget?
- Are performance measures being met over time?
- What are the budget impacts of new legislation?
- How is the district gathering and using community feedback?

Hearings are public and must be noticed properly by the district. Community members can testify at these hearings.

Budget Hearing Tips

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.



Role of Governing Body

Governing body to adopt budget, make appropriations, declare and categorize tax

294.456

- (1)(b) The governing body may amend the budget estimates and property tax amount or rate in the budget document before or after adoption (but before new fiscal year starts)
- (1)(c)(A) The amount of estimated expenditures for each fund in an annual budget may not be increased by more than \$5,000 or 10% of the estimated expenditures, whichever is greater.*
- (1)(c)(C) The tax levy rate or amount approved by the budget committee cannot be increased.*

*To make a change more than 10%/\$5,000 or to change the tax levy, you must publish a new financial summary, schedule and notice a new budget hearing, and resubmit your budget to TSCC.

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.

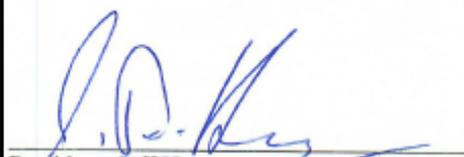
ADOPTING THE BUDGET

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.

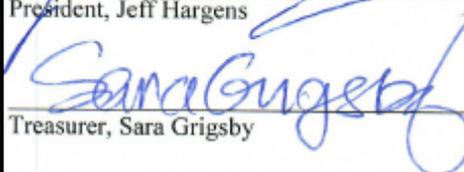
MAKING APPROPRIATIONS

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

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



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 16th day of June 2020.

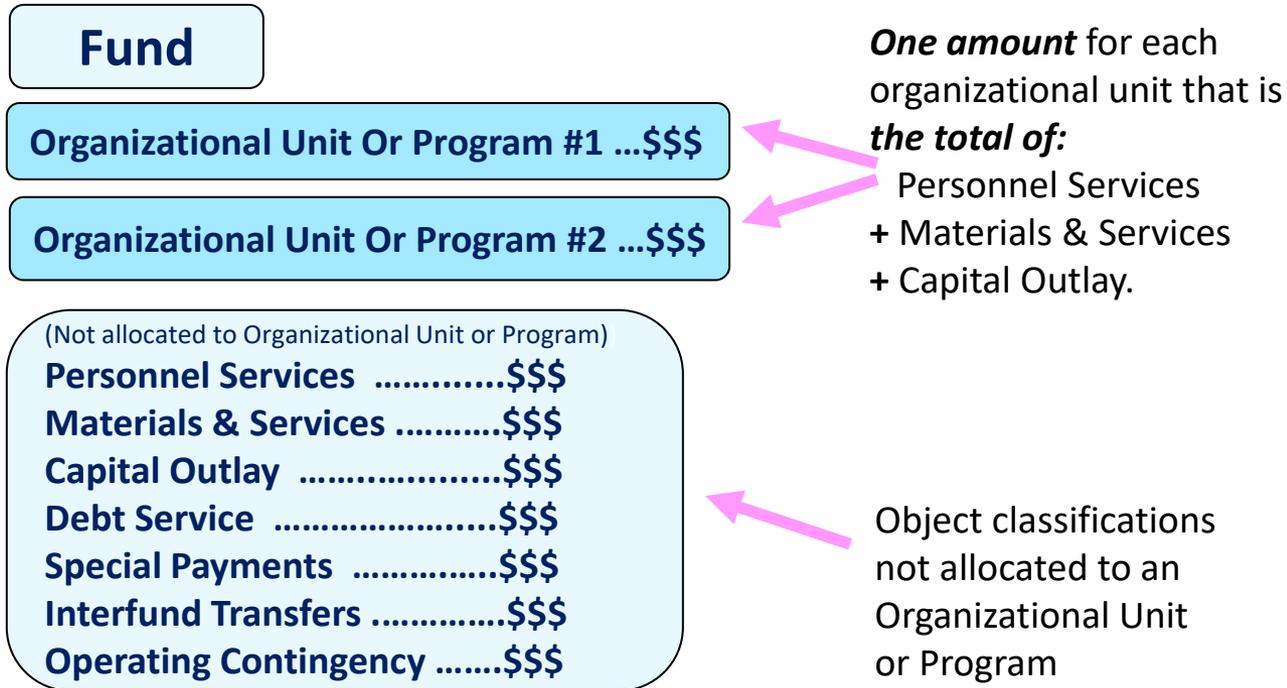


Secretary, Robert Gaughan

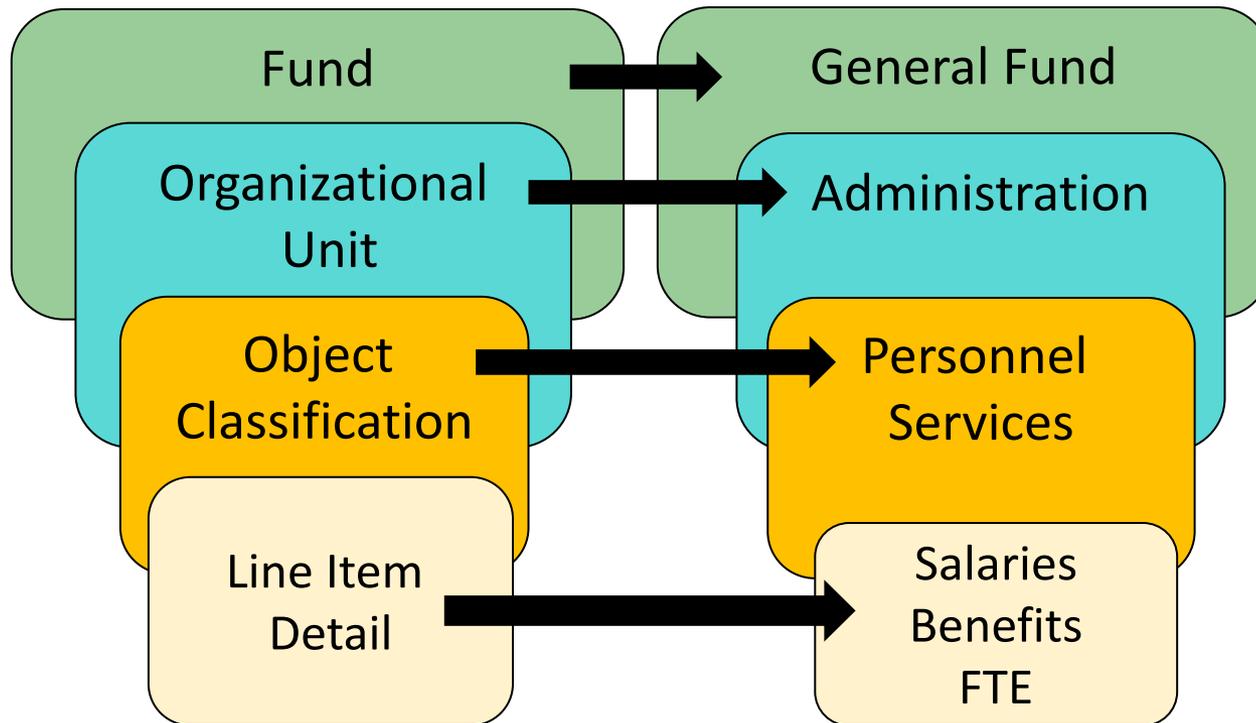
Commissioner, Fred Sanchez

Example Budget Resolution

Statutory Appropriations for General Government/Special Districts (ORS 294.456(3))



Appropriating by Organizational Unit



For Reference:

Org Unit Definition – Admin Rule 150-294-0320

An organizational unit is an administrative subdivision of a municipal corporation accountable for specific services, functions, or activities.

Example 1: Cities may allocate expenditures within the general fund to organizational units such as: City Recorder, Police Department, Fire Department, Library, etc.

Example 2: Counties may allocate expenditures within the general fund to organizational units such as: Assessor's Office, Treasurer's Office, Clerk's Office, Health Department, etc.

Example 3: For municipalities other than cities or counties, the governing body may identify organizational units within the general fund by the responsibilities assigned, e.g., General Administration, Plant Maintenance, etc.

For Reference:

Program/Activity Definition – ORS 293.311

A program is a group of related activities aimed at accomplishing a major service or function [ORS 294.311(33)].

Programs could include services and functions such as: fire protection, water, sewers, road maintenance, etc.

Most special districts are formed to provide just one or two major services. The budgets of these districts are considered program budgets unless one or more of the funds are organized by organizational unit.

School budgets that are organized according to the classification of accounts in the “Oregon Department of Education’s Program Budgeting and Accounting Manual for School Districts” are considered program budgets.

Schools Appropriate by Oregon Dept. of Education Function (ORS 294.456(4))

For each fund:

- 1000 Instruction
- 2000 Support Services
- 3000 Enterprise & Community Services
- 4000 Facilities Acquisition and Construction
- 5000 Other Uses
 - 5100 Debt Service
 - 5200 Transfers
- 6000 Contingency

Community Colleges can Appropriate One of Three Ways (ORS 294.456(5))

By the same chart of accounts as K-12/ESDs (see above)

By major function as prescribed by Oregon Dept. of Community Colleges
and workforce Development

By Program or Object Classification

That was confusing – help!

Take a look at your district’s FY 23-24 budget resolution – how is it organized?

Does something not look right? Use a lifeline:

“Ask the Audience”: Look at budget resolutions for districts like yours.

“Phone a Friend”: TSCC can help provide you with examples.

Levy & Categorize Taxes

For local governments using property taxes:

Resolution Imposing the Tax

Be it Resolved that the following ad valorem property taxes are hereby imposed upon the assessed value of all taxable property in the district for the tax year 2017-18: At the rate of \$3.8249 per \$1,000 of assessed value for the permanent rate tax.

Resolution Categorizing the Tax

Be It Resolved that the taxes imposed are hereby categorized for the purposes of Article XI Section 11b as:

Subject to the Education Limitation

Permanent Rate Tax \$3.8248 /\$1,000

Excluded from Limitation

General Obligation Bond Debt Service\$1,880,763

Post Adoption Staff Actions

By July 15 file with the County Assessor's Office:

- Two copies of budget and tax levy resolutions
- The property tax certification form (Form ED-50)
- Ballot Title for any new voter-approved property taxes

*Send TSCC the above information, along with budget detail sheets, budget message, and other items in Adopted Budget checklist

***In Multnomah County there is no County Clerk.
Budget document is filed with TSCC.***

The Adopted Budget Document

- 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
- Notice of property tax levy form (LB-50)
- 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 that you prepared your budget correctly.



Post-Adoption Changes

Life After Budget Adoption

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

Local Budget Law provides ways to recognize unexpected revenues and/or revise appropriations:

- ORS 294.338 – Appropriation Resolutions
- ORS 294.463 – Resolution Transfers
- ORS 294.471 – Supplemental Budget
- ORS 294.473 – Supplemental Budget with Hearing

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 ----->				

Pop Quiz, Team Edition

- Let's divide into five teams

Post Adoption Budget Changes - Options

“...an occurrence or condition not ascertained when preparing original budget...”

ORS 294.471(1) (a)

Appropriation Resolution – ORS 294.338

Examples:

- Unforeseen grant funds for a specific purpose

Transfer Resolution – ORS 294.463

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* – ORS 294.471

Examples:

- Unforeseen grants funds for a general purpose

Supplemental Budget with Hearing – ORS 294.473

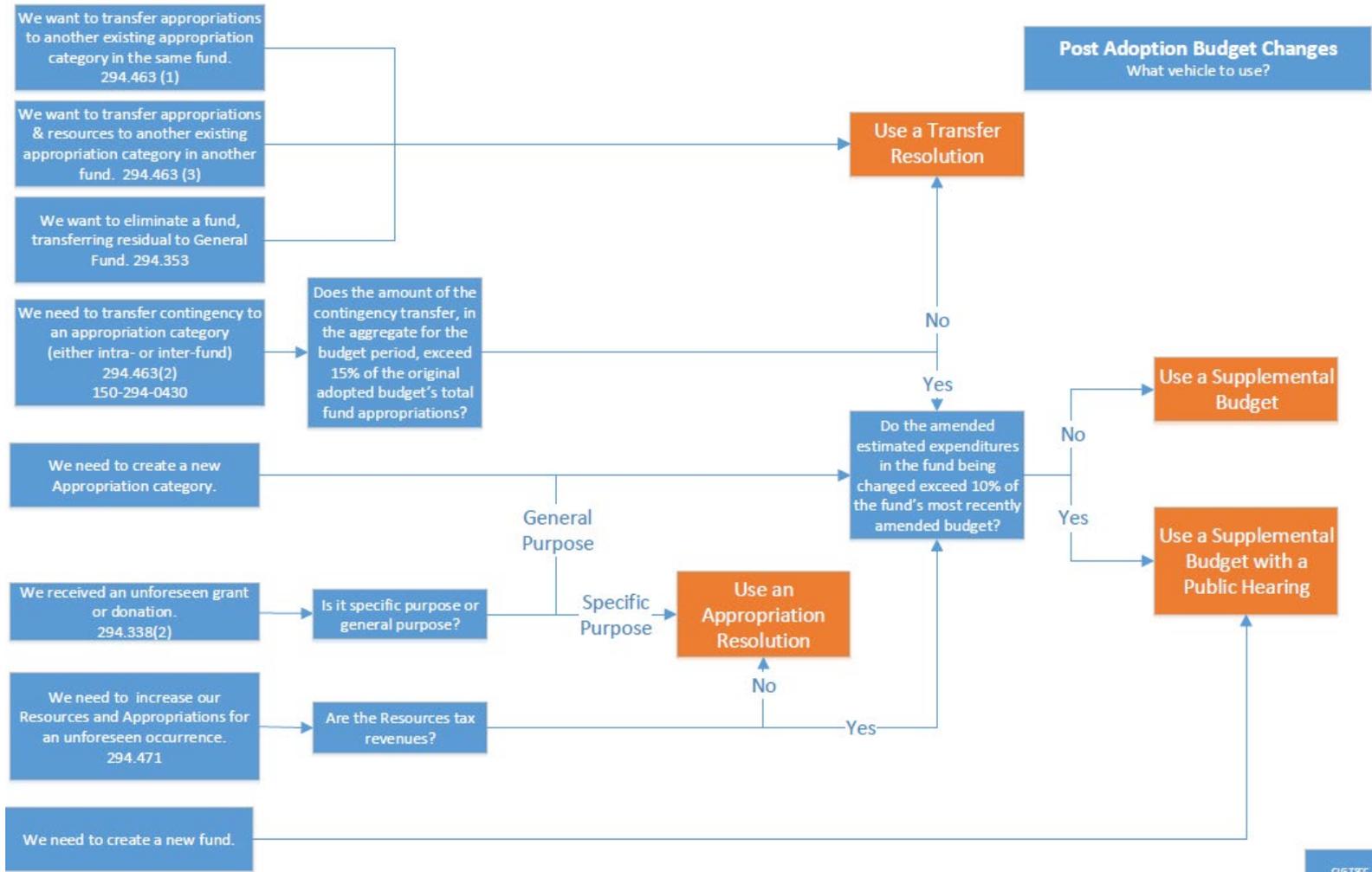
- Creating a new fund
- New resources and requirements that will increase a fund’s expenditures by more than 10%

**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>

Post Adoption Budget Changes

www.tscmultco.com



CLG/TSCC
12-08-16

12 Questions

Q1: Our labor contract settled and the COLA is higher than we expected. We set some money aside in contingency, can we just spend directly from that?

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 \(tscmultco.com\)](http://tscmultco.com)

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

Overspending Appropriations! Tips to avoid this 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 this 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: 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

Q4: Can a district increase its permanent property tax rate if it's too low?

No. A district cannot increase its permanent levy. The district has two options:

1. Dissolve the district and ask voter approval for a new district and a new permanent rate.
2. Ask the voters to approve a local option levy (which may be subject to compression).

Q5: We made a mistake and left something off the appropriations schedule our governing body adopted – 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.

Q6: Our budget committee would like to see the proposed budget a week in advance of their first meeting. Can I send it to them before the meeting?

Yes, budget law allows for sending individual copies of the budget to the committee anytime in advance of the meeting (ORS 294.426(6)). However, two key things to keep in mind:

- 1) The budget committee may not deliberate on the budget document as a body before the first meeting.
- 2) Per ORS 294.426(7)), immediately after providing the document to the budget committee "the budget officer shall file a copy of the budget document in the office of the governing body", at which point it becomes a public record. In practice, this means most districts publish it online so it is easily available to the public (in addition to having a hard copy available should someone request it). So, you can provide the document early as long as you also post it for the public to view.

Q7: We have a problematic budget committee member and would like to remove them from the committee?
Can we do that?

If the budget committee member has violated the committee's code of conduct or regular attendance rules, it is possible to remove them from the committee.

Q8: What happens if the budget is changed more than 10% between approved and adopted and we forget to do a second hearing?

Ideally, this would be caught prior to budget adoption to allow for a second hearing. If you recognize the error after the fact, you can try a common sense approach to demonstrate the change as transparently as possible: in a supplemental budget, reduce the line item to the statutory limit, noting the reason for it in the supporting budget narrative.

You would then have another line noting the “new revenue” to officially recognize the planned receipt and expense.

Q9: We had to cancel an expected project and no longer need the fund – how do we close this fund?

294.346 Reserve fund established without vote

(2) ...When the governing body determines, by resolution, that it is no longer necessary to maintain such a reserve fund:

(b) There shall be transferred to the general fund or any other fund of the political subdivision that the governing body determines is appropriate:

(A) Any unexpended balance in the fund to be abolished that is not required to be held for subsequent expenditure for the purposes for which the fund was established;

See ORS 294.353 for dissolution of other fund types.

Q10: 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.*

Q11: 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 150-294-0540).

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 150-294-0550).

Q12: I know I should account for compression when estimating property taxes, but what is it again?

Let's take a property tax history tour...

The Dream of the 90s is Alive in Oregon

Prior to the 1990s:

- Oregon had a pure levy-based property tax system
- Each taxing district calculated its own tax levy based on its budget needs, with most limited to an increase of 6%
- The taxes each district imposed equaled its tax rate multiplied by its real market value (the assessor's assessment of what the property was worth on the market)

Oregon's property tax system was restructured in the 1990s by two statewide ballot measures that dramatically altered the system

What you see is NOT what you get

- Measure 5 & 50 limit property taxes
- Measure 5 (1990)
 - Capped property taxes for all general governments (cities, counties, special districts) and schools at \$10 and \$5 respectively per \$1,000 of real market value (RMV)
 - If the property taxes on an individual property exceed the Measure 5 limits, the taxes are reduced until the limitations are reached, a process known as *compression*.
- Measure 50 (1997)
 - Set a new assessed value (AV) level
 - Capped annual growth in AV at 3% annually
 - Set permanent rates for all taxing districts

Q&A Time

Let's hear from you! What questions do you have?

Contact Us

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REFERENCE SLIDES

Budget Calendar Example

Acme Water District 2017-2018 Budget Calendar	Date	Notes
Community notification of need for budget members	Jan 1	
Board Appoints budget officer (ORS 294.331)	Jan 17	
Testimony & appointment of budget committee members	Jan 17	
Budget officer prepares budget		
Send TSCC copy of the budget calendar	Feb 13	(send draft to TSCC for review)
Board Adopts budget calendar	Feb 21	
Publish notice of budget committee meeting (ORS 294.426) in newspaper	March 3	5-30 days before mtg (include website on post)
Publish notice of budget committee meeting (ORS 294.426) on website	March 3	For at least 10 days before mtg
Proposed budget available (ORS 294.426)	March 21	During/After committee meeting
First Budget Committee Meeting (ORS 294.426)*	April 21	
Second Budget Committee Meeting (ORS 294.426)*	April 4	
Third Budget Committee Meeting: Cpmmittee Approves budget & levy*	April 18	
District files Approved Budget with TSCC	April 19	Deadline is May 15 or 30 days before bud hearing
Publish budget hearing notice (LB1)	June 2	5 to 30 days before hearing
Budget hearing held (ORS 294.453)	June 20	Must be 30 days after filing w/TSCC
Board Adopts Budget, and levies and categorizee taxes (ORS 294.456)		
District files adopted budget & response to certification letter with TSCC	June 21	
District informs assessor's office: Send LB-50 & copy of resolutions (ORS 294.458)	June 21	Deadline July 15th

* Provide opportunity for public testimony at at least one of the budget committee meetings

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

Compression Example

RMV = \$275,000

AV = \$200,000

Tax (calculated on AV):

General Govt (\$15/\$1,000 AV) = \$3,000

Education (\$7/\$1,000 AV) = \$1,400

Limits (calculated on RMV):

General Govt \$10/\$1,000 RMV = \$2,750

Education \$5/\$1,000 RMV = \$1,375

Difference = Compression Loss:

General Govt Tax (\$3,000) – Limit (\$2,750) = \$250

Education Tax (\$1,400) – Limit (\$1,375) = \$25

Taxes Extended – Compression = Taxes Imposed

ORS 294.388 - Specifics on Requirements

294.388 Estimates and reconciliation of expenditures and other requirements; form and contents.

- (1) Each municipal corporation shall prepare estimates of expenditures and other requirements for the ensuing year or budget period. The estimates must be reconciled so that the total amount of expenditures and other requirements in each fund equals the total amount of resources in the fund for the same period.
- (2) Estimates required under subsection (1) of this section must be prepared by organizational unit or by program. For purposes of preparing the estimates, “organizational unit” does not apply to hospitals, school districts or education service districts.
- (3) Estimates prepared by organizational unit pursuant to subsection (2) of this section must be detailed under separate object classifications of personnel services, materials and services and capital outlay. Separate estimates must be made for operating expenses and general capital outlays that cannot reasonably be allocated to an organizational unit and for special payments, debt service and interfund revenue transfers.
- (4) Estimates prepared by program pursuant to subsection (2) of this section must be arranged for each activity of a program. Estimates under each activity must be detailed under separate object classifications of personnel services, materials and services and capital outlay. Separate estimates must be made for operating expenses and general capital outlays that cannot reasonably be allocated to an activity within a program and for special payments, debt service and interfund revenue transfers.
- (5) 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. Upon request, a municipal corporation shall make available the current salary of each officer and employee, other than persons who receive an hourly wage or who are hired on a part-time basis. For the purpose of preparing a list of salaries, employees of like classification and salary range may be listed by the number of employees, the highest and lowest salaries and the total amount of all salaries, in each salary range.
- (6) Debt service estimates must include separate amounts for principal and interest for each bond issue in each fund.
- (7) The estimate for a fund may include an estimate for general operating contingencies.

A public meeting of the West Multnomah Soil & Water Conservation District will be held on June 13, 2018, at 6:00 p.m. at 2701 NW Vaughn St., Suite 452, Portland, Oregon. The purpose of this meeting is to discuss the budget for the fiscal year beginning July 1, 2018, as approved by the West Multnomah SWCD Budget Committee. A summary of the budget is presented below. A copy of the budget may be inspected or obtained at our office between the hours of 9:00 a.m. and 5:00 p.m., or online at www.wmswod.org. This budget is for an annual budget period. This budget was prepared on a basis of accounting that is the same as the preceding year.

Contact: M. Levis Telephone: 503-238-4775 Email: michele@wmswod.org

FINANCIAL SUMMARY - RESOURCES			
TOTAL OF ALL FUNDS	Actual Amount 2016-17	Adopted Budget This Year 2017-18	Approved Budget Next Year 2018-19
Beginning Fund Balance/Net Working Capital	1,006,056	1,013,708	979,681
Federal, State and All Other Grants, Gifts, Allocations and Donations	294,818	997,057	360,929
All Other Resources Except Property Taxes	27,544	61,577	58,469
Property Taxes Estimated to be Received	1,458,879	1,525,171	1,595,880
Total Resources	2,787,297	3,597,513	2,994,079

Use the most recent amended budget for this column. Relabel it "Amended" or "Revised" to differentiate it from the initial adopted budget.

FINANCIAL SUMMARY - REQUIREMENTS BY OBJECT CLASSIFICATION			
Personnel Services	954,451	1,109,852	1,187,610
Materials and Services	780,177	1,421,731	798,777
Capital Outlay	22,696	196,000	134,500
Reserves (Special Reserve and General Operating Contingencies)	-	50,000	75,000
Unappropriated Ending Fund Balance	1,029,973	819,930	798,192
Total Requirements	2,787,297	3,597,513	2,994,079

Totals for each summary section must match.

FINANCIAL SUMMARY—REQUIREMENTS AND FULL-TIME EQUIVALENT EMPLOYEES (FTE) BY ORGANIZATIONAL UNIT OR PROGRAM			
Name of Organizational Unit or Program FTE for that unit or program			
District Programs	1,672,284	2,012,043	1,994,858
FTE	9.8	10.8	10.8
Sturgeon Lake Restoration Program	85,040	765,540	201,029
FTE	0.0	0.0	0.0
Not Allocated to Organizational Unit or Program	1,029,973	819,930	798,192
FTE	0.0	0.0	0.0
Total Requirements	2,787,297	3,597,513	2,994,079
Total FTE	9.8	10.8	10.8

Allocated Requirements by Org Unit or Program, not by Fund.

STATEMENT OF CHANGES IN ACTIVITIES and SOURCES OF FINANCING

Our resources in FY 2018-19 will decrease \$603,434 primarily due to the winding down of the Sturgeon Lake (SL) restoration project, which had Grants and Contributions of \$765,520 this year and only \$147,625 budgeted for FY 2018-19. The resources in the General Fund will be essentially flat, with a budgeted increase in property taxes fully offset by a decrease in state and local grants and the beginning fund balance. Personnel Services requirements increased due to projected cost-of-living and merit pay adjustments, as well as higher health and retirement benefit costs. The Materials and Services requirements will decrease by \$622,954, and Capital Outlay by \$61,500, primarily due to SL related activity that will drop off due to project completion. Additionally, in the General Fund, certain grant funding existing in FY 2017-18 will not continue into FY 2018-19, resulting in a decrease in associated grant costs within Materials and Services.

"Not Allocated" includes Unappropriated Ending Fund Balance.

PROPERTY TAX LEVIES			
	Rate or Amount Imposed	Rate or Amount Imposed	Rate or Amount Approved
Permanent Rate Levy (rate limit 7.5 cents per \$1,000)	\$ 0.0750	\$ 0.0750	\$ 0.0750

STATEMENT OF INDEBTEDNESS		
LONG TERM DEBT	Estimated Debt Outstanding on July 1	Estimated Debt Authorized, But Not Incurred on July 1
Total	None	None

General Government Requirements

Line Item Rollups	Budget Resolution	Budget Resolution & Post Adoption Changes	Budget Analysis & Post Adoption Changes
Personal Services	Allocated (to Org Units)	Appropriations	Expenditures
Materials and Services			
Capital Outlay*			
Debt Service	Not Allocated	Un-Appropriated	Non-Expenditures
Special Payments			
Transfers out			
Contingency			
Ending Fund Balance			

Resolution Adopting the Budget

Be it Resolved that the the City Council of the City of Acme hereby adopts the budget for the fiscal year 2017-18 in the total amount of \$677,100. The budget is on file at the City Offices at 2473 Evergreen Road, Acme, Oregon.

Resolution Making Appropriations

Be it Resoved that the amounts shown below are hereby appropriated for the fiscal year beginning on July 1, 2017, for the following purposes:

	Appropriations	Unappropriated	Total Budget
General Fund			
Administrative Services	134,300		
Public Safety	65,300		
Planning	25,400		
Capital Outlay Unallocated	3,500		
Contingency	5,100		
Transfer Out	98,000		
Total Fund Appropriations	331,600		
Unappropriated Ending Fund Balance		110,000	
Total Fund Requirements			441,600
Street Fund			
Streets and Parking	101,800		
Street Trees	1,200		
Contingency	8,300		
Transfer Out	5,500		
Total Fund Appropriations	116,800		
Unappropriated Ending Fund Balance		66,000	
Total Fund Requirements			182,800
Stormwater Fund			
Storm Sewer Maintenance	26,700		
Contingency	3,400		
Total Fund Appropriations	30,100		
Unappropriated Ending Fund Balance		22,600	
Total Fund Requirements			52,700
Totals	\$ 478,500	\$ 198,600	\$ 677,100

Resolution Imposing the Tax

Be it Resoved that the following ad valorem property taxes are hereby imposed upon the assessed value of all taxable property in the district for the tax year 2017-18: At the rate of \$3.8249 per \$1,000 of assessed value for the permanent rate tax.

Resolution Categorizing the Tax

Be It Resolved that the taxes imposed are hereby categorized for the purposes of Article XI Section 11b as: Subject to the General Government Limitation, Permanent Rate Tax \$3.8248 /\$1,000

The above resolution statements were approved and declared adopted on June 22, 2017

Mayor Signature

Recorder Signature

Example General Gov Resolution



**Tax Supervising
and Conservation
Commission**

Example School Resolution

Resolution Adopting the Budget

Be it Resolved that the the Board of the Acme School District hereby adopts the budget for the fiscal year 2017-18 in the total amount of \$13,085,048. The budget is on file at the District Offices at 2473 Evergreen Road, Portland Oregon.

Resolution Making Appropriations

Be it Resolved that the amounts shown below are hereby appropriated for the fiscal year beginning on July 1, 2017, for the following purposes:

	Funds						Category Totals
	General	Spec Rev	Cap Projects	CET	Debt Service	PERS Bonds	
Instruction	\$5,039,835	\$1,078,237	\$ -	\$ -	\$ -	\$ -	\$ 6,118,072
Support Services	3,224,897	232,401	-	-	-	-	3,457,298
Enterprise & Comm Svces	38,432	11,000	-	-	-	-	49,432
Facilities Acq & Const	-	-	152,285	115,000	-	-	267,285
Transfers	34,905	-	-	-	-	-	34,905
Debt Service	-	-	-	-	1,817,963	376,053	2,194,016
Contingency	346,832	147,500	-	-	-	-	494,332
Ending Fund Balance	400,632	-	60,124	8,952	-	-	469,708
Fund Totals	\$9,085,533	\$1,469,138	\$ 212,409	\$ 123,952	\$1,817,963	\$ 376,053	\$ 13,085,048
					Total Appropriations	\$ 12,615,340	
					Total Unappropriated	469,708	
					Total Adopted Budget	\$ 13,085,048	

Resolution Imposing the Tax

Be it Resolved that the following ad valorem property taxes are hereby imposed upon the assessed value of all taxable property in the district for the tax year 2017-18:

At the rate of \$3.8249 per \$1,000 of assessed value for the permanent rate tax, and in the amount of \$1,880,763 for debt service on general onligation bonds.

Resolution Categorizing the Tax

Be It Resolved that the taxes imposed are hereby categorized for the purposes of Article XI Section 11b as:

Subject to the Education Limitation

Permanent Rate Tax \$3.8248 /\$1,000

Excluded from Limitation

General Obligation Bond Debt Service\$1,880,763

The above resolution statements were approved and declared adopted on June 22, 2017

Board Chair Signature

Recorder Signature

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