



Multnomah County Local Budget Law Training - Refresher

February 2026

Tax Supervising and Conservation Commission
Allegra Willhite & Brittanie Abayare

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?

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

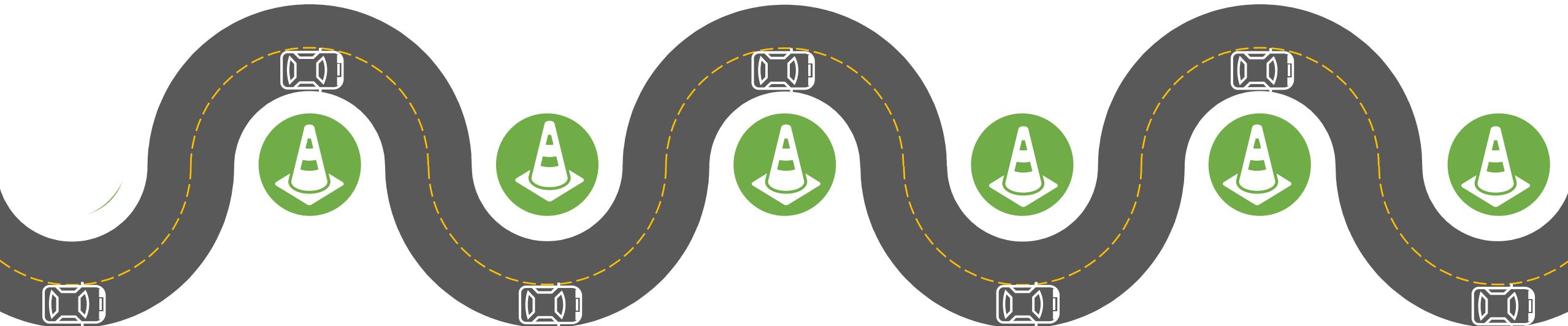
Adopting the
Budget

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 last 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.



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! Districts serving less than 200,000 people:
 - 1 regional district
 - 3 cities
 - 1 urban renewal agencies
 - 5 K-12 schools
 - 4 fire districts
 - 7 water districts
 - 2 county service districts



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



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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](#)



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)

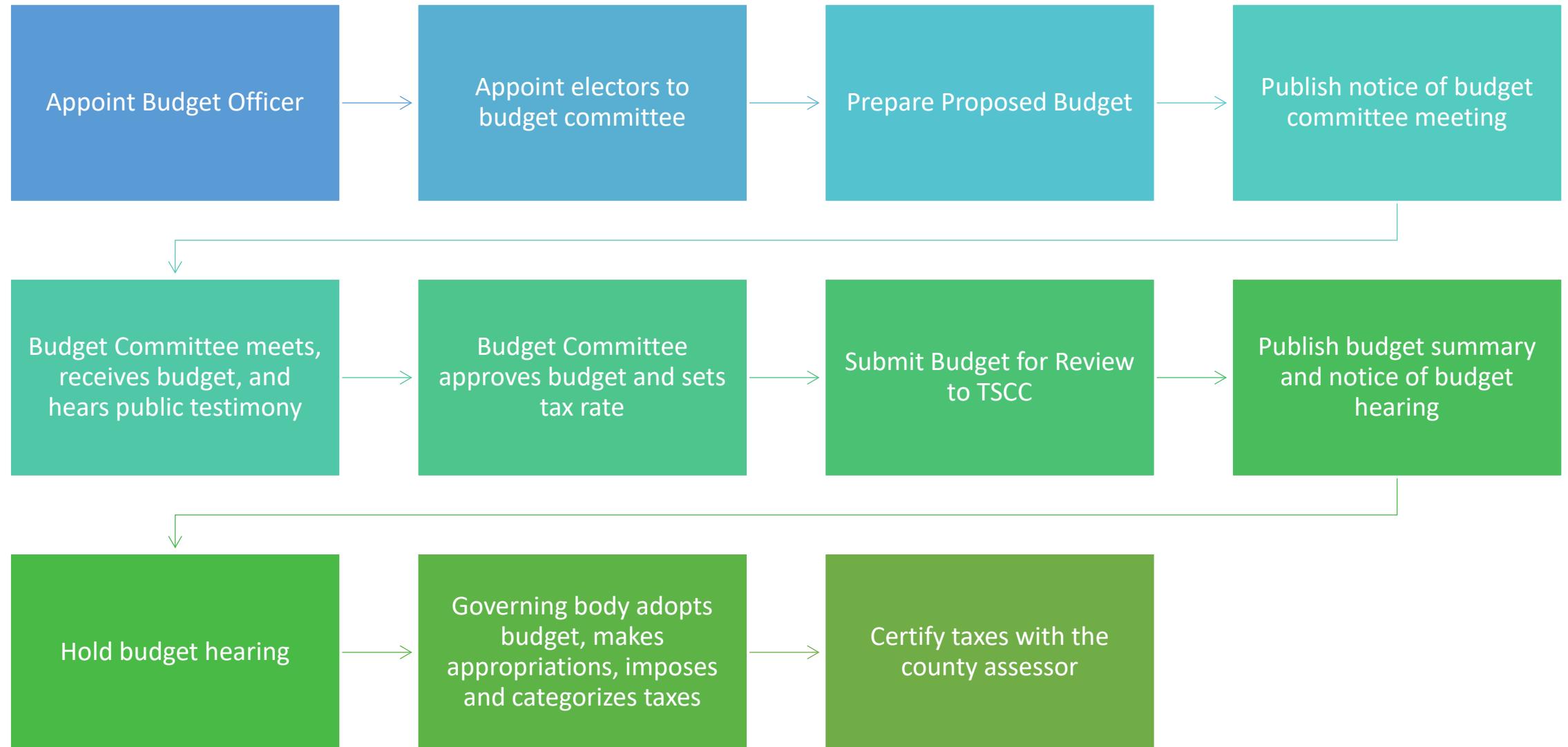
Who Creates A Budget?

The budget is:

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



Budget Process per Oregon Budget Law



Timeline



Prior to July 1

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



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Breakout Session

- Introduce yourself
- Share one thing you hope to learn about today



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****

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: Committee 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 categorizes 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



Budget Prep: Appointing Budget Committee Members

- The Budget Committee is a local government’s “fiscal planning advisory committee” ([Local Budgeting Manual](#)).
- Members = governing body and equal # of registered voters in the district. Serve with no compensation for 3 year terms.
- Districts over 200,000 in Multnomah County can have their governing body serve as budget committee.
- ORS 329.711 & ORS 328.542 – School district budget committees must fill at least one vacancy with member of educational equity advisory committee.





Roadblock!

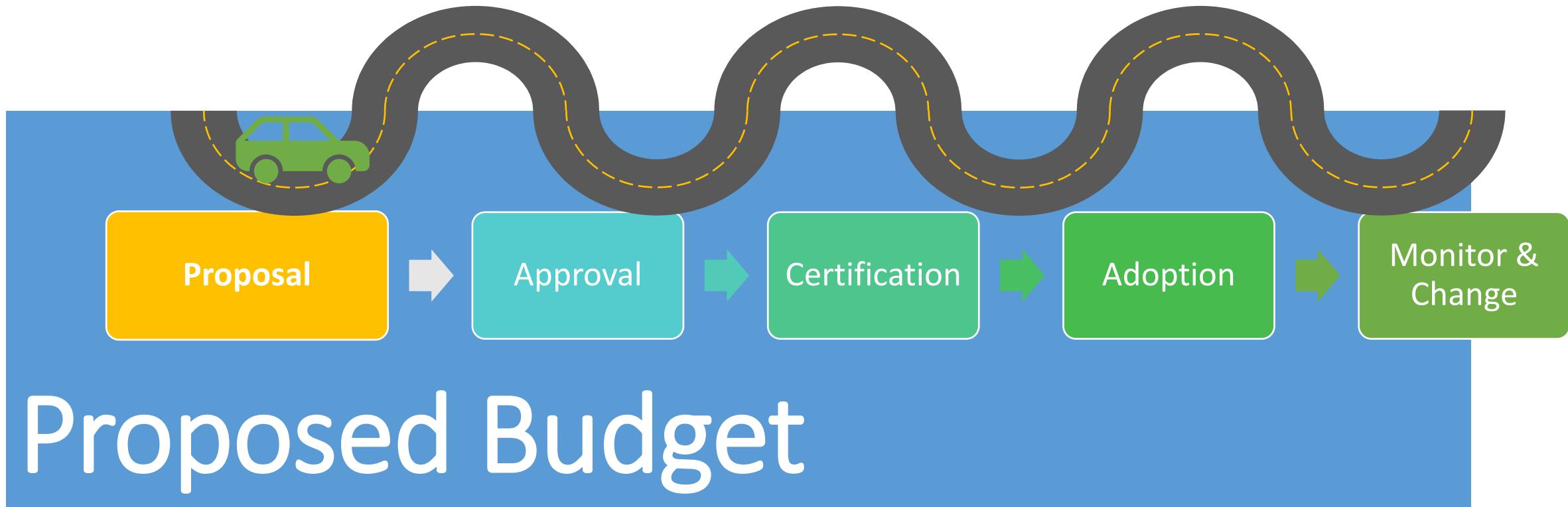
If you can't find enough community members to serve on the budget committee, go with the number you've got.

ORS 294.414



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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.



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**





Roadblock!

Budget law does not specify how many funds you should have – use as few as is necessary for transparent tracking of funds.



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Resources Classification System

	Category	Line Items
Resources	Beginning Fund Balance	Beginning Fund Balance
	Revenues	Current Year Ptaxes
		Fees, Licenes, Fines, etc
		Federal State and all other grants, etc
		Debt Proceeds
		All other sources
	Transfers In	From Water Fund
		From IT Fund
		Sewer fund loan repayment
		Internal Service Reimbursements



Estimating Requirements – By Fund, Function, & Use

Requirements Classification System

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



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Pop Quiz!

Which of the following are expenditures?

- A. Materials & Services
- B. Capital Outlay
- C. Ending Fund Balance

Which of the following are requirements?

- A. Personnel Services
- B. Ending Fund Balance
- C. Contingency



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



Proposed Budget – Detail Sheets

2021-22 Actual	2022-23 Actual	2023-24 Revised Budget	Line Item	2024-25 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

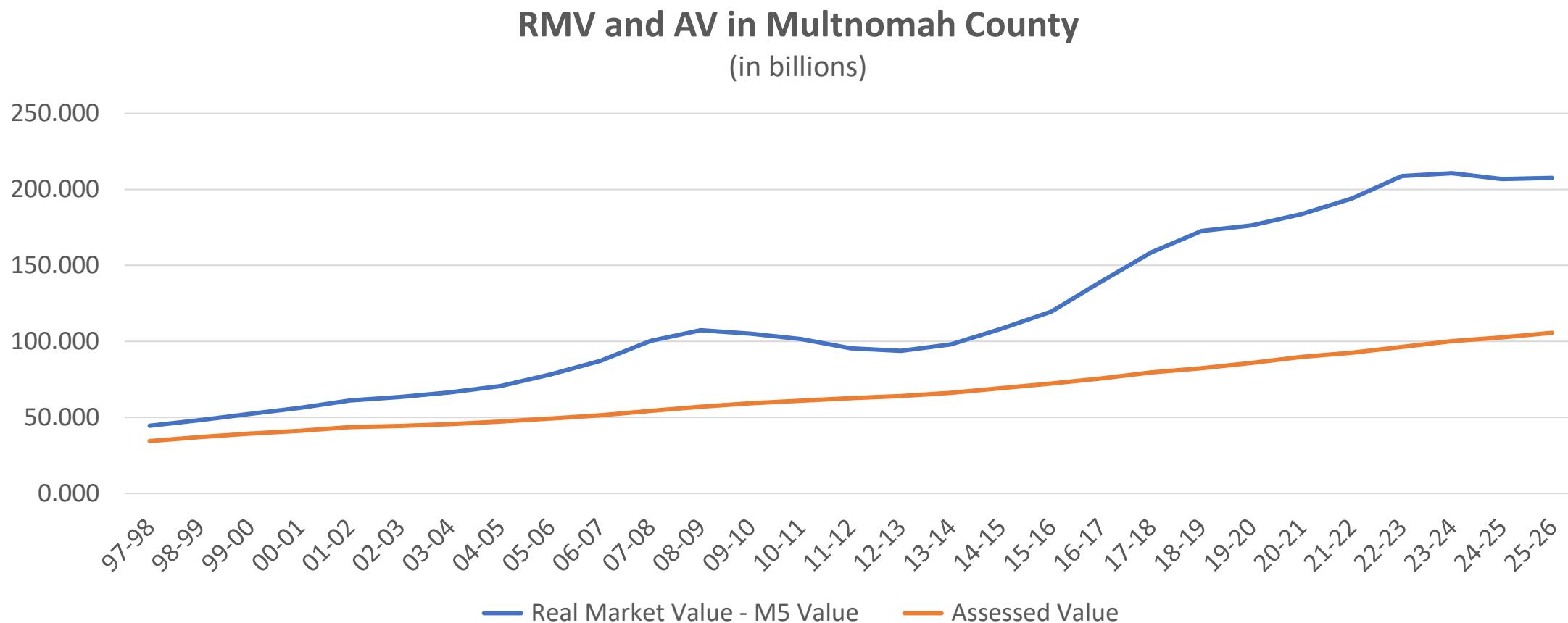
Storm Drain Reserves Fund
(Fund)City of Maywood Park
(Name of Municipal Corporation)

	Historical Data			DESCRIPTION RESOURCES AND REQUIREMENTS	Budget for Next Year 2022-2023			
	Actual	First Preceding Year 2019-2020	Adopted Budget This Year 2020-2021		Proposed By Budget Officer	Approved By Budget Committee	Adopted By Governing Body	
	Second Preceding Year 2018-2019							
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



Estimating Resources: Understanding Oregon's Property Tax System

Assessed Value & Permanent Rate



Estimating Resources – Property Taxes

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

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 – Resources on Hand / Collection Rate = Tax Extended

Debt Service Required – Resources on Hand = Budget



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Estimating Compression & Collection Rate

**Taxes Extended
- Compression
Taxes Imposed**

Total Compression Loss
for Multnomah County
Districts in 24-25 = 6%

**Taxes Imposed
x Collection Rate
Taxes Budgeted**

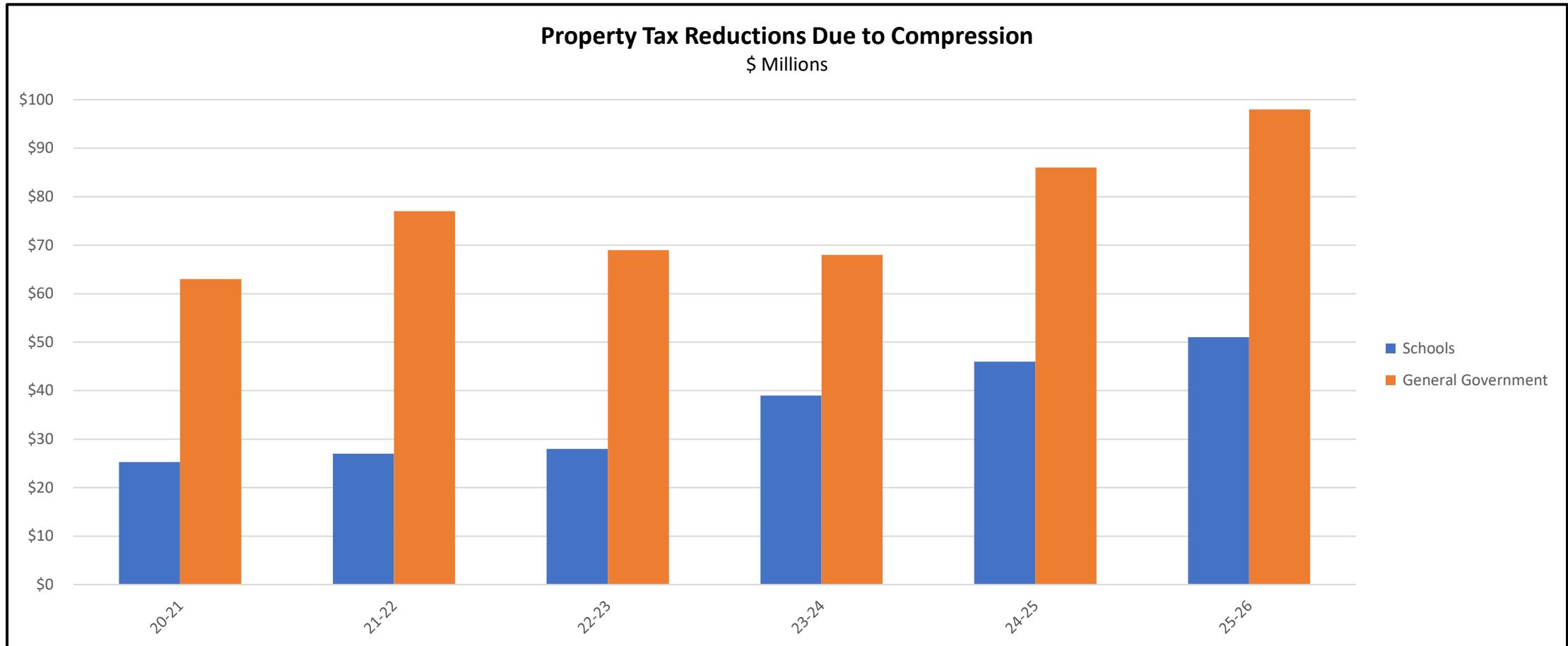
Average Collection Rate
for past 10 years = 95.7%

Data sources: Multnomah County Assessor (compression) and DOR Oregon Property Tax Statistics Report (collection rate)



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Compression Impacts



City of Maywood Park

Numbers in red can be changed

	2019-20	2020-21	2021-22	2022-23	2023-24	PROJECTION	
					Rate	Selected Factor	Projection
Permanent Rate Levy							
Assessed Value	70,691,060	73,136,610	75,387,780	77,758,370	\$ 1.9500		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:							
Assumed Collection Rate:							
Estimated Taxes to be Received:							
							<u>149,000</u>



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 *Current Cash On Hand + Est. Res - Est. Req.*

Prior Year Taxes 165,000 *Review historical data to inform estimate*

Interest earned 20,000 *Review historical data to inform estimate*

Total Resources Other Than Current Yr Taxes 935,000 *Auto-calculated field*

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





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>
Equals Taxes Needed	= \$ 50,000

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

Levy to Approve & Certify: \$ 53,236



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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





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)
- **Reserve for Future Exps.:** “saved” for future years, not appropriated but can do via supplemental budget if need arises. OAR 150-294-0350
- **Ending Fund Balance:** not an appropriation. Use is severely restricted. OAR 150-294-0440

Tips on releasing the Proposed Budget document

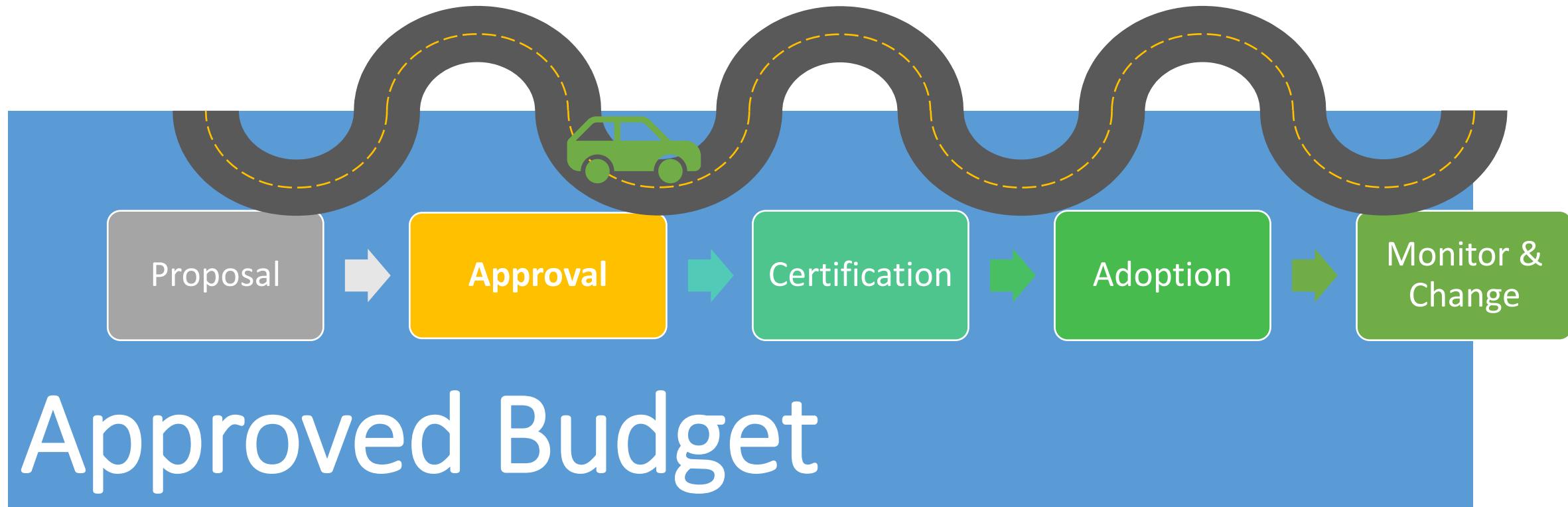
- At a minimum, proposed budget consists of the detail budget sheets and budget message (ORS 294.403)
- May be provided to members of the Budget Committee prior to first meeting for informational purposes only, (i.e. *no deliberations*)
- When given to Budget Committee it becomes a public document and 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).

Budget Trivia!

What are 3 factors to consider when calculating property tax revenue?

- a) Assessed Value, Consumer Price Index, and Compression Loss
- b) Assessed Value, Compression Loss, and Collection Rate
- c) Compression Loss, Collection Rate, and Consumer Price Index





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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)



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Roadblock!

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

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

OR

Newspaper +
District Website

OR

Mail

OR

Hand Delivery

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

- 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

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

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



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.

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 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>

2023 Changes to Public Noticing Laws

- HB 3167 - Option to publish budget law related notices in a digital newspaper.
- **Definition of "Digital Newspaper":**
 - It defines a digital newspaper as an online publication delivered in an electronic form that is formatted similarly to a printed newspaper and produced in an **archivable format**.
 - The definition of a subscriber now includes individuals who have paid for a digital newspaper format for an uninterrupted period of **12 months**.
- **Locally Composed Content:** To qualify for publishing legal notices, a newspaper (print or digital) must ensure at least **25 percent** of its total news content is "locally and originally composed".

Budget Trivia!

Which of the following are true?

- a) Budget Committee notices must be published twice.
- b) Notices published on a website must be posted 30 days prior to the meeting.
- c) Notices published in the paper must include the website where notice will be published.
- d) Both A &B.
- e) Both A & C.
- f) A, B, and C.



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.

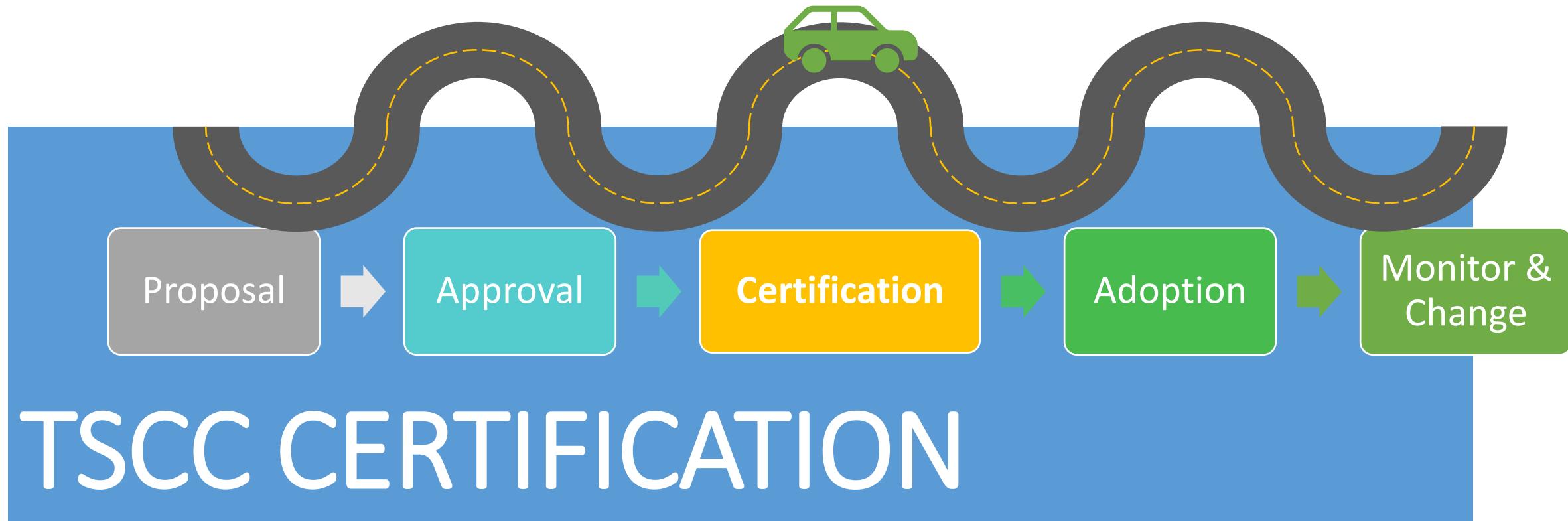
Majority = 6



Elector vacancies are removed from total.

Majority = 4

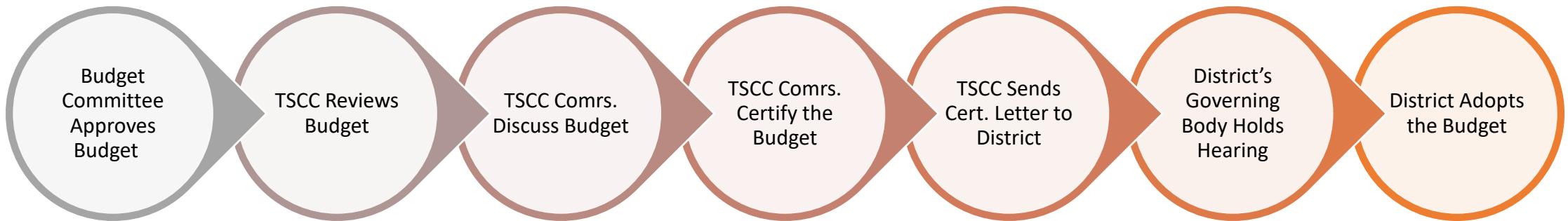




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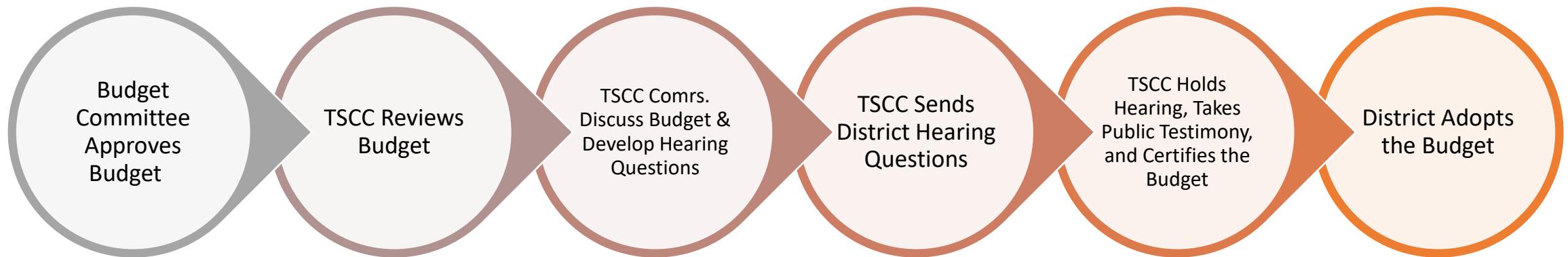
TSCC Process for Small Districts

(Serving population of less than 200,000)



TSCC Process for Large Districts

(Serving population of 200,000 or more)



TSCC 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.



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Be a TSCC Commissioner...

General Fund

Resources

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

GO Bond Debt Service Fund

Resources

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

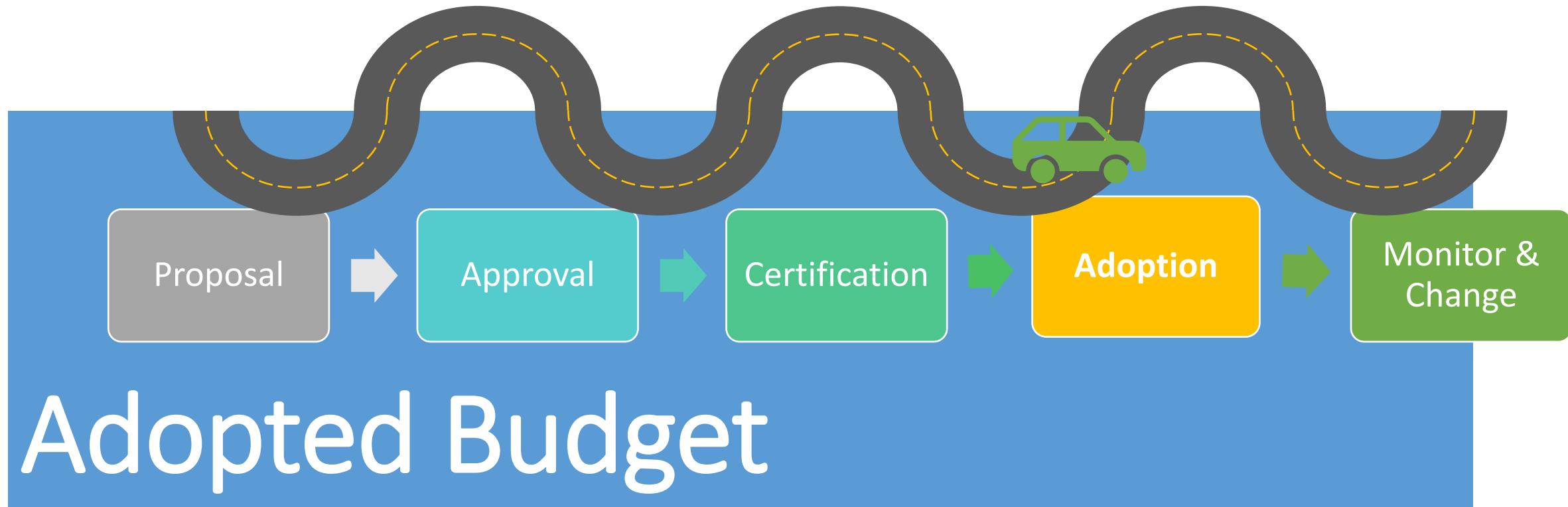
Requirements

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

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?



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 before you submit it to the governing body.



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Roadblock!

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.

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





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, resubmit to TSCC, and schedule and notice a new budget hearing.

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.



RESOLUTION 2020-06-16

CORBETT WATER DISTRICT

June 16, 2020

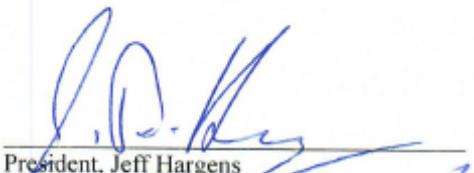
ADOPTING THE BUDGET

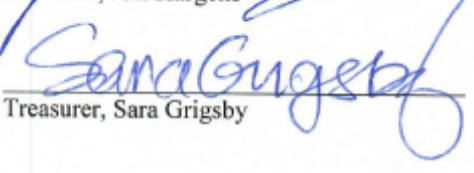
BE IT RESOLVED that the Board of Commissioners of Corbett Water District hereby adopts the budget for fiscal year 2020-2021 in the total amount of \$1,873,853 now on file in the Corbett Water District office located at 36120 E. Historic Columbia River Highway, Corbett, Oregon.

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:

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



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Making Appropriations in Your Resolution

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 program/ activity in your appropriations.



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.



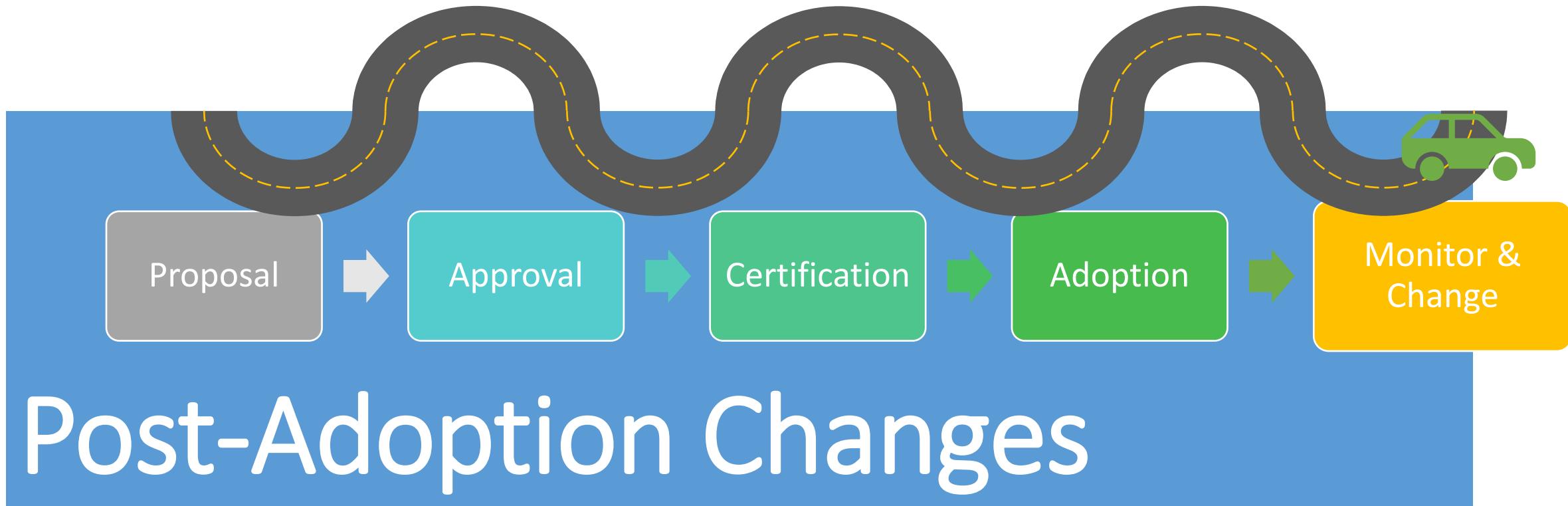
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Budget Trivia!

The governing body can do which of the following before adopting the budget?

- a) Make changes to the approved budget
- b) Reduce the property tax levy approved by the budget committee
- c) Increase funds by up to 10% of expenditures
- d) All of the above





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 294.463 – Resolution Transfers
- ORS 294.338 – Appropriation Resolutions
- 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
Notice			Required	Required
Resolution	Required	Required	Required	Required
	Increased Financial Impact ----->			





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.



Post Adoption Budget Changes - Options

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

ORS 294.471(1) (a)

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)

Appropriation Resolution

Examples: Unforeseen grant funds for a specific purpose

Supplemental Budget*

Examples: More than expected property tax revenue for a general purpose

Supplemental Budget with Hearing

- 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*

	10% Rule During Budget Adoption Expenditure Increases between Approved and Adopted	10% Rule After Budget Adoption Expenditure Increases Changing the Adopted Budget	15% Rule Transferring from Contingency After Adoption
Purpose	Increasing the overall estimated spending authority for a fund.	Increasing the overall estimated spending authority for a fund.	Reallocating already-appropriated contingency funds within a fund.
Calculation Base	"Expenditures" (excludes contingency, transfers, reserves, unappropriated ending fund balance).	"Expenditures" (excludes contingency, transfers, reserves, unappropriated ending fund balance).	"Total Appropriations" (includes contingency, from original adopted budget; excludes reserves, unappropriated ending fund balance).
Limit	\$5,000/\$10,000 or 10% of fund's expenditures (whichever is greater).	10% of fund's expenditures	15% of the fund's total appropriations; calculated cumulatively over the year
Result if Limit is Exceeded	Requires republication of Approved Budget summary notice and another public hearing (a revised adoption process).	Requires a supplemental budget with a hearing	Requires a supplemental budget.

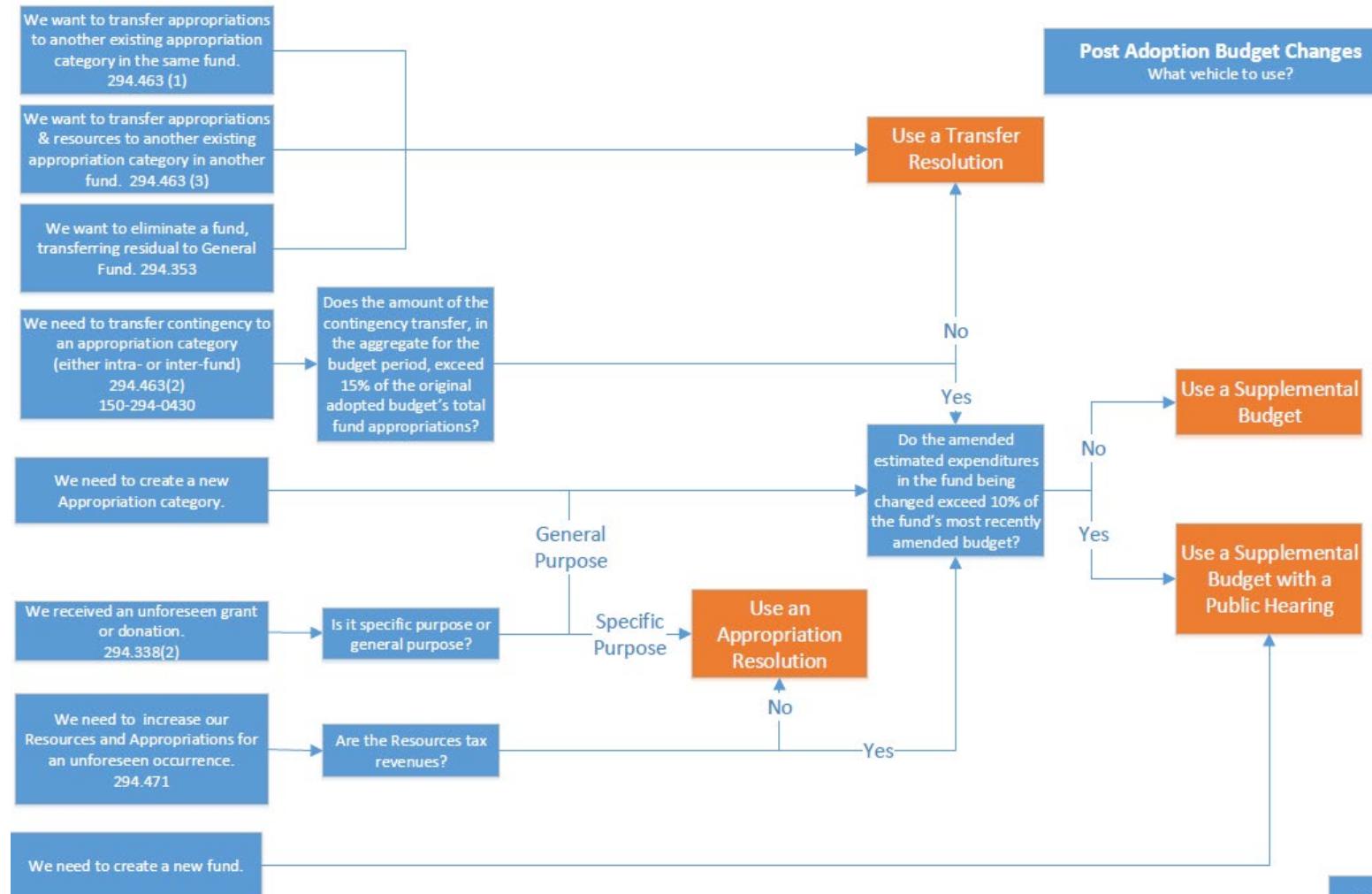
Scenarios

What action do you need to make the change?



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Post Adoption Budget Changes



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





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.

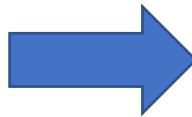
TSCC resource on calculating the 15%: [PowerPoint Presentation \(tsccmultco.com\)](http://tsccmultco.com)



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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!



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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
Total Appropriations	\$475,000

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.

Total Unappropriated Ending Fund Balance - \$25,000

Total Budget - \$500,000



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We'd love to hear your feedback!

<https://forms.gle/8QvZ1CDyjJGt3akP9>

Q & A Time!

Or 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: How many days do you need to publish public notice of a budget committee meeting?

Public notice must be given 5 to 30 days prior to a budget committee meeting. Notice is published twice for budget committee meetings. When publishing a budget committee meeting notice online as your second form of notice, it must be posted at least 10 days prior to the meeting and continue to be posted for the full 10 days until the meeting (ORS 294.426(5)(b)).



Q3: 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).

Q4: 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.

Q5: We have a reserve fund where we've been saving money for a big project. We had to cancel the 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.



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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

Contact

www.tsccmultco.com

503-988-3054

Sign up for the TSCC e-newsletter

allegra.willhite@multco.us

REFERENCE SLIDES



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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
Proprietary Funds	Used to account for activities that receive significant support from fees and charges
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



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

\$30,000,000	Last Year's Assessed Value
X 3.0%	Estimated Annual AV Increase
<u>\$30,900,000</u>	Projected AV

\$30,900,000	Projected AV
X .0015985	Permanent Tax Rate (\$1.5985 per \$1,000)
<u>\$49,394</u>	Taxes Extended

\$49,394	Taxes Extended
- 320	Compression
<u>\$49,074</u>	Estimated Taxes to be Imposed

\$49,074	Estimated Taxes to be Imposed
X 94%	Assumed Collection Rate
<u>\$46,130</u>	Estimated FY 22-23 Taxes to Be Received

Property Tax Limits: 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



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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)



Estimating Materials & Services

State of Oregon
CPI Projection

*All Urban Consumers, West
Region (All Items)*

2025	2.7%
2026	2.7%
2027	2.5%
2028	2.4%
2029	2.2%

CPI, Urban Consumers, West Region
State Economic Forecast, December 2025
<https://www.oregon.gov/das/oea/Documents/appendixa.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 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.*

