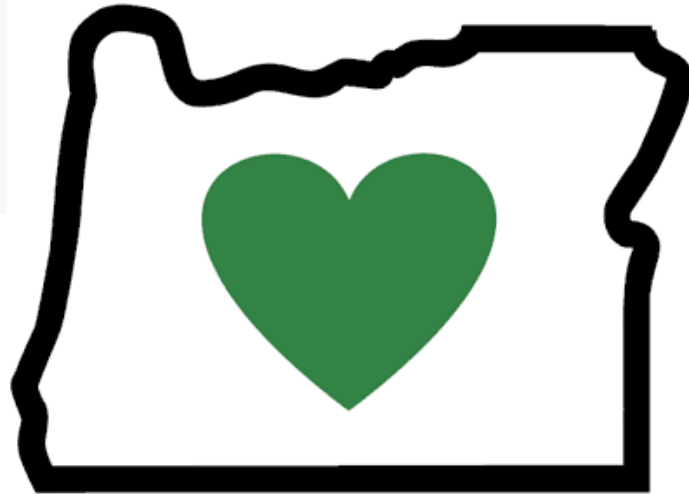


# OREGON LOCAL GOVERNMENT Budgeting Overview



1

1

## What is a budget?

- » Financial accountability
- » Communications tool
- » Vehicle for obtaining public opinions
- » Governing tool to test political responsiveness



2

2



## Purposes of the budgeting process

- To fund programs that are
  - *responsive* to constituent wishes
  - *effective* in accomplishing their goals
  - *cost efficient*
- To
  - *plan, set and coordinate* policy priorities
  - *ensure a healthy economy*
  - *Communicate to the public and stakeholders*
- Source: Budgeting for Local Government

3

## OBJECTIVES

- » Establish budgeting procedures
- » Describe programs and the fiscal policy to accomplish the programs
- » Estimate revenues, expenditures, and proposed taxes
- » Obtain input from the public
- » Promote efficiency and economy in the expenditure of public funds
- » Inform public, taxpayers, and investors



4

4



## Who's Involved

- Governing Body
- Budget Committee
- Budget Officer
- City Staff
- County Assessor
- County Tax Collector
- Oregon Department of Revenue
- TSCC
- Oregon Secretary of State
- Citizens

5

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## What to expect of your Budget Officer

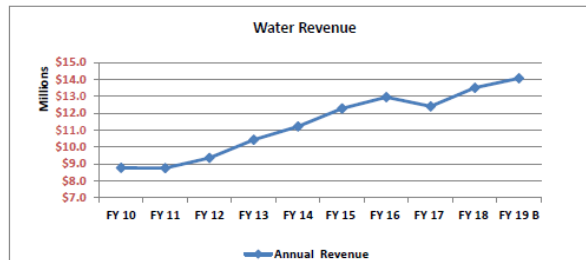
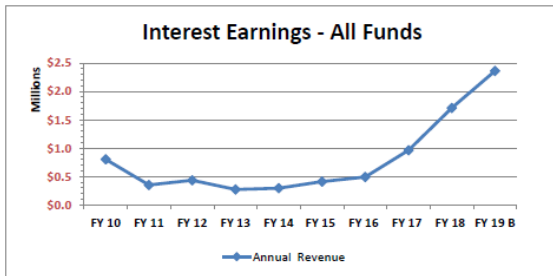
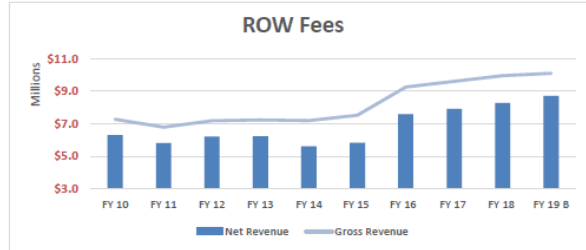
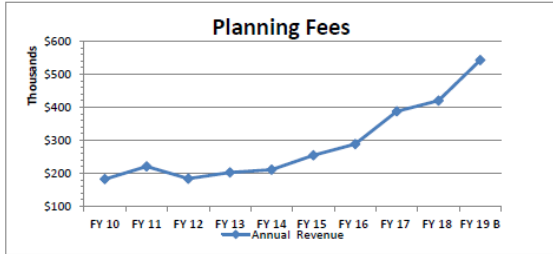
- Keep the level of discussion "aspirational" (high level)
- Track and report on volatile revenue sources
  - Water revenue
  - Sources to pay debt service
  - Development related revenue (i.e. building permits, SDCs)
- PERS contributions
- Clear goals and objectives
- Ties budget to priorities of Mayor and City Council

6

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# What to expect of your Budget Officer: Charts

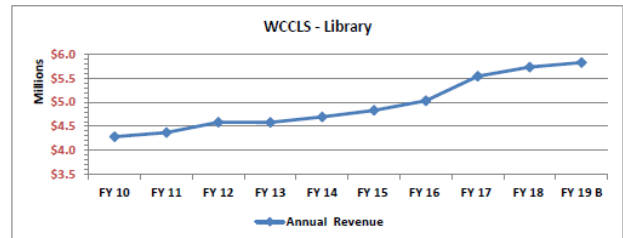
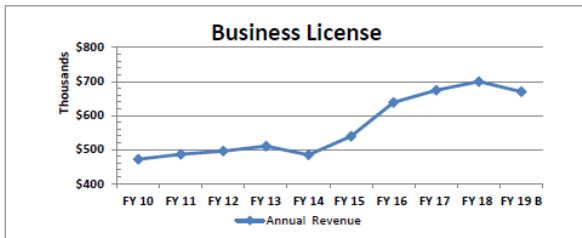
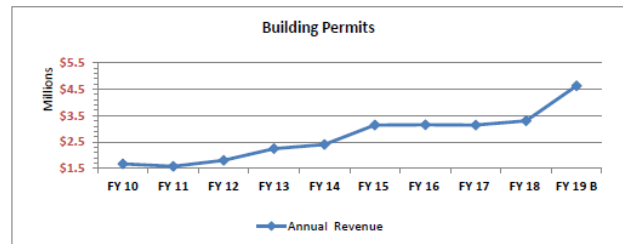
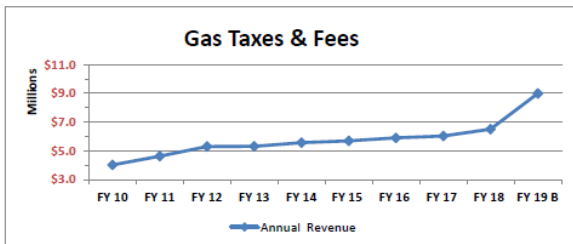
Key Revenue Indicators FY 2018-19



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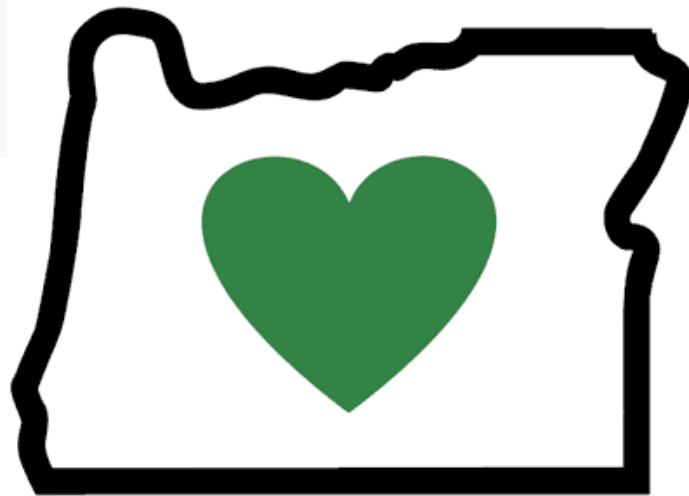
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# What to expect of your Budget Officer: More charts



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# PUBLIC MEETINGS LAW



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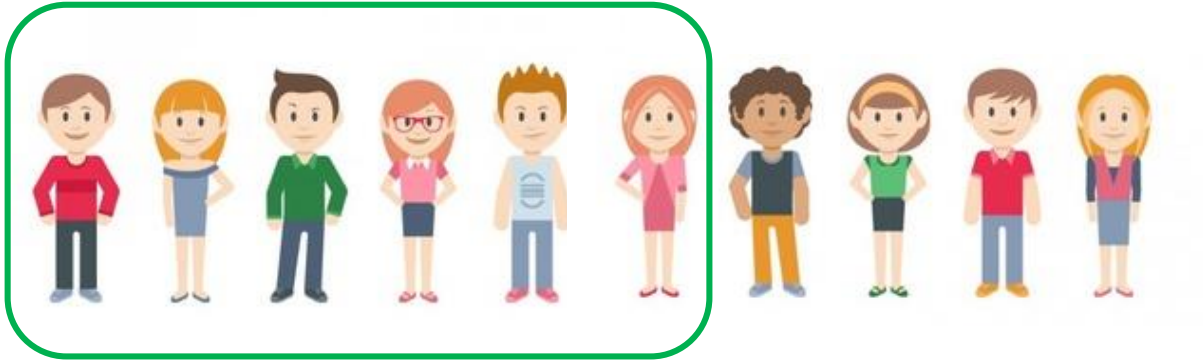


**Oregon Public Meetings Law ORS 192.610 to 192.690**

*The Oregon form of government requires an informed public aware of the deliberations and decisions of the governing bodies and the information upon which such decisions were made. It is the intent of ORS 192.610 to 192.690 that decisions of governing bodies be arrived at openly.*

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**A quorum** of a governing body may not meet in private for the purpose of deciding on or deliberating toward a decision on any matter

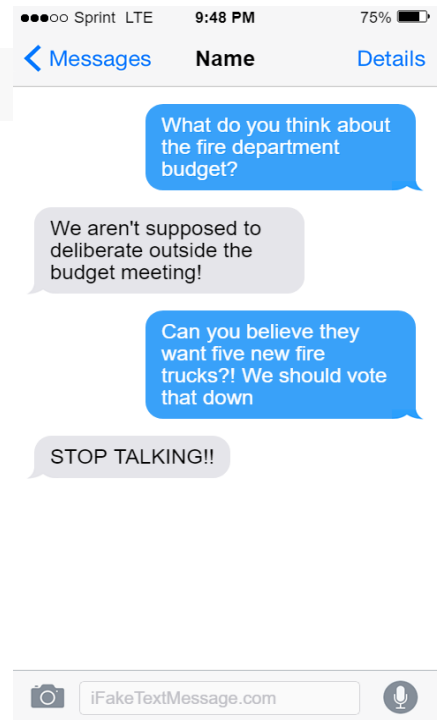


Fifty percent +1 of the members (not majority present)

11

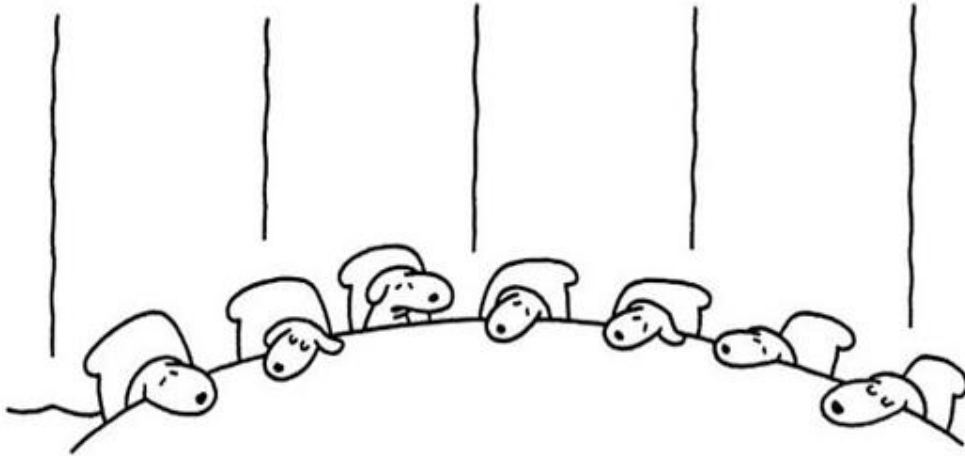
## Public Meetings: **Serial Meetings**

- » A serial meeting is a series of separate conversations between members of governing body that equal a quorum. They are prohibited in Oregon.
- » Meetings can occur through email, phone calls, in-person conversations, and text messages under Oregon’s Public Meeting Laws
- » Budget committee members can be held *personally liable!*



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What if we don't have quorum at a budget committee meeting?



Caporvotti

"It's been moved that we adjourn for an afternoon nap. Is there a second?"

13

13

What if we can't find people to volunteer or people drop off?



14

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## Public Comment – Free Speech Protections / Time, Place & Manner Restrictions

- » Budget Committees can adopt rules that:
  - Dictate the time during a meeting when the public can comment.
  - Establish the particular location in a meeting where the public can address the Committee.
  - Limit the topic the public can speak to during their speech.
  - Regulate the amount of time each speaker is allowed to talk – must be equal across the board.
- » Inform the public of these rules in advance.

### Removing, Arresting and Suspending Disruptive People

- Actual disruption is required.
- The decision to arrest must be made by a law enforcement officer
- Suspension is probably not permitted – check with city attorney before making such a decision.

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## Do's

- » Review budget prior to first meeting for information and personal use
- » Request information from staff during the committee process
- » Provide notice to inform citizens when and where deliberations on the budget will take place
- » Invite public comments and questions



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## DON'T



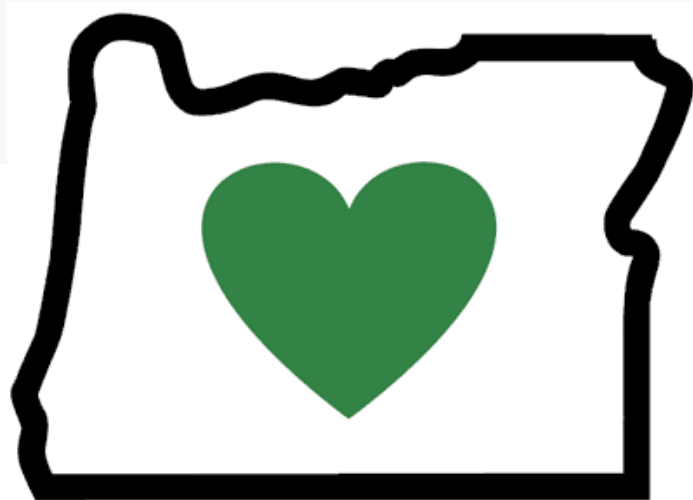
- » Act independently outside of a committee meeting
- » Deliberate on the budget document before the first meeting
- » Discuss anything related to the budget process outside the public meeting
- » Restrict the content of a citizen's public comment

**BEST FOR You**  
ORGANICS COMPANY

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## *PUBLIC RECORDS LAW*

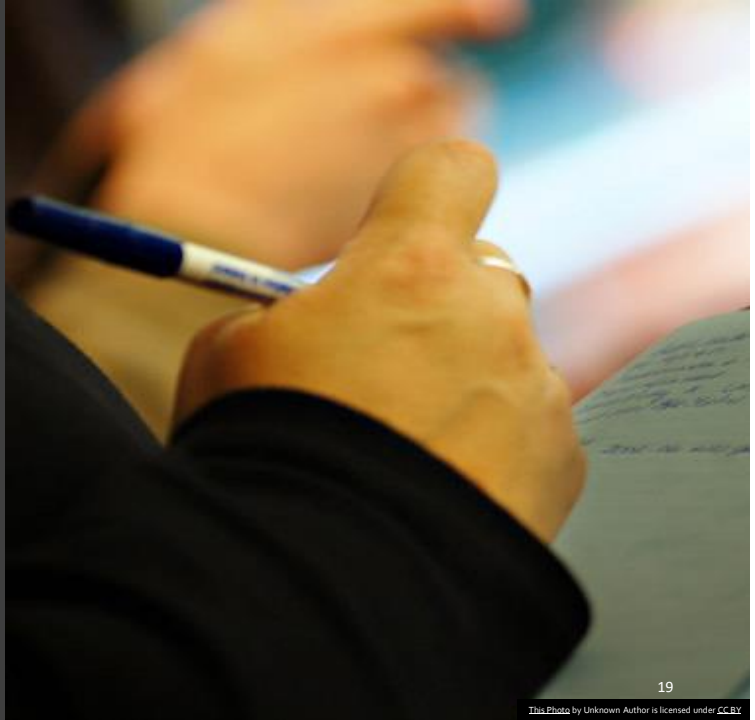


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Generally –  
Cities must retain  
and disclose public  
records.

Did you prepare or use it?  
Does it relate to city business?



19

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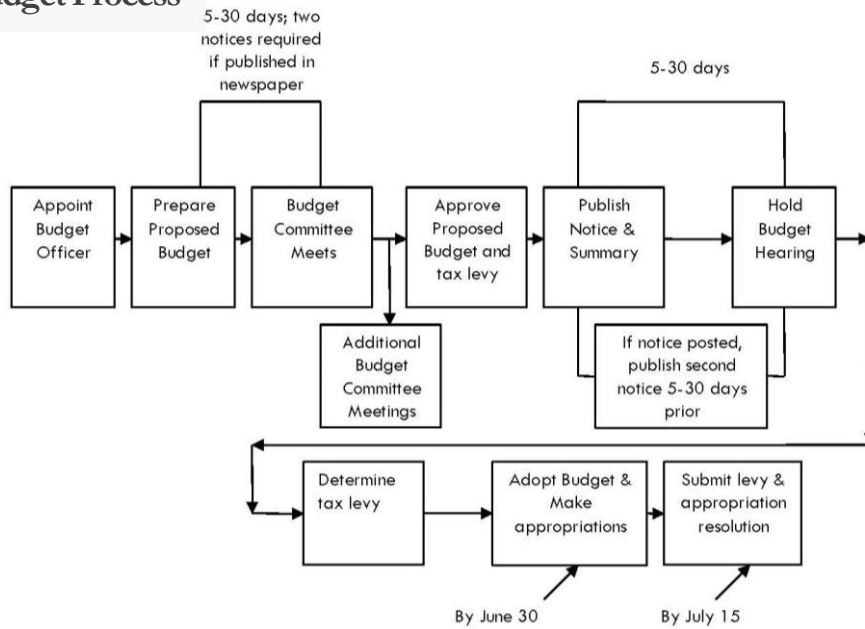
## BUDGET COMMITTEE & THE BUDGET CYCLE



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## The Budget Process



## The Budget Process

» There are three stages in the budgeting process:

- Proposed;
- Approved; and
- Adopted.

FORM LB-10			RESOURCES AND REQUIREMENTS GENERAL FUND			SPEEDY RFPD		
			(Fund)			(Name of Municipal Corporation)		
Historical Data			DESCRIPTION RESOURCES AND REQUIREMENTS			Budget for Next Year 2019-20		
Actual						Proposed By		
Second Preceding Year 2016-17	First Preceding Year 2017-18	Adopted Budget This Year 2018-19				Budget Officer	Budget Committee	Adopted By Governing Body
1			13	RESOURCES				
2	106,487	143,475	176,811	1	Cash on hand	117,890	117,890	117,890
3	1,065	1,435	1,768	3	Interest	1,179	1,179	1,179
4	18,938	27,890	19,876	4	Confirgration	20,000	20,000	20,000
5	5,000	6,350	2,100	5	Donations/Fundraisers	10,000	10,000	10,000
6	11,347	7,989	14,122	6	Response billing	12,000	12,000	12,000
7	4,875	6,500	8,125	7	Previously levied taxes estimated to be received	5,000	5,000	5,000
8	143,712	193,439	222,802	8	Total Resources, except taxes to be levied	166,069	166,069	166,069
9			325,000	9	Taxes estimated to be received	422,034	422,034	422,034
10	285,064	323,716		10	Taxes collected in year levied			
11	429,776	517,155	547,802	11	TOTAL RESOURCES	588,103	588,103	588,103
12				12	REQUIREMENTS **			
13				13	Program and Activity			
14	31,500	63,000	67,000	14	RESPONSE-EMS PERSONNEL SERVICES SALARIES 2.0 FTE	70,000	70,000	70,000
15	2,299	4,180	4,420	15	RESPONSE-EMS PERSONNEL SERVICES BENEFITS	4,808	4,808	4,808
16	15,000	15,000	20,000	16	RESPONSE-EMS MATERIALS & SERVICES MEDICAL SUPPLIES	20,000	20,000	20,000
17	3,464	3,592	3,800	17	RESPONSE-FIRE MATERIALS & SERVICES STIPEND-VOLUNTEERS	4,048	4,048	4,048
18	45,000	45,000	50,500	18	RESPONSE-EQUIP- MAINT PERSONNEL SERVICES SALARIES 1.0 FTE	54,250	54,250	54,250
19	2,900	2,900	3,230	19	RESPONSE-EQUIP- MAINT PERSONNEL SERVICES BENEFITS	3,455	3,455	3,455
20	20,000	20,000	23,000	20	RESPONSE-EQUIP- MAINT MATERIALS & SERVICES APPARATUS MAINT	20,000	20,000	20,000
21	15,000	15,000	12,000	21	RESPONSE-EQUIP- MAINT MATERIALS & SERVICES FUEL	10,000	10,000	10,000
22	9,500	9,550	13,000	22	RESPONSE-EQUIP- MAINT MATERIALS & SERVICES BUILDING MAINT	10,000	10,000	10,000
23	10,000	10,000	18,000	23	RESPONSE-EQUIP- MAINT MATERIALS & SERVICES TURNOUT GEAR	22,500	22,500	22,500
24	10,000	10,000	15,000	24	RESPONSE-TRAINING MATERIALS & SERVICES PUBLIC SAFETY	15,000	15,000	15,000
25	5,000	5,000	5,000	25	RESPONSE-TRAINING MATERIALS & SERVICES TRAVEL	5,000	5,000	5,000
26	25,000	25,000	24,173	26	RESPONSE-TRAINING PERSONNEL SERVICES SALARIES 1.0 FTE	25,000	25,000	25,000

Source: Department of Revenue

## Budget Committee: **Official Duties**

- » Publicly review the proposed budget document
- » Allow public to ask questions and comment on the budget
- » Approve the budget with all funds in balance
- » Approve the maximum amount of property taxes

## The Budget Committee does not:

- » Set staffing levels, salaries, benefits, or contract terms
- » Decide whether or not a service or program should be provided
- » Make policy

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## Budget Committee: **Obtaining information**

- » Can request any information required during consideration of the budget from any district officer or employee
  - Visit district operations
  - Inquire about budget items
  - Request additional information
  - Share topics for future meeting
- » Can require staff to attend budget committee meetings



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## Budget Committee: Meetings

- » Subject to Oregon's Public Meetings Law
- » The budget can be received (**but not discussed**) before the first meeting
- » First meeting
  - Adopt rules of order
  - Election of officers
  - Receive the budget message
  - Set dates for future meetings
  - *Public input is not required*



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## Budget Committee: Rules of Procedure



- » Establishes rules of procedure for:
  - How council meetings are governed
  - How appointments are made
- » Benefits
  - Meetings are run in an efficient and consistent manner
  - Reduces likelihood of friction
  - Provides guidance for how council members interact with city employees
  - Ensure continuity and stability during transition years

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## Budget: Amendments and Supplemental budgets

- Oregon Budget Law allows for the Governing Body to make changes to the budget after the Budget Committee has approved it.
- The total property tax to be levied can't exceed the amount shown in the budget that was approved by the budget committee
- Budget committee members are free to attend that hearing and voice their opinions about the changes

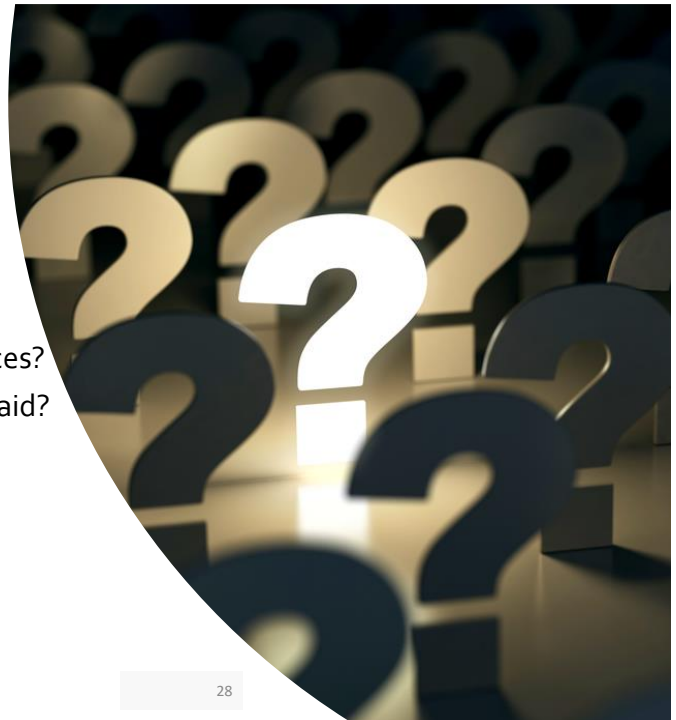


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## Can the budget committee...

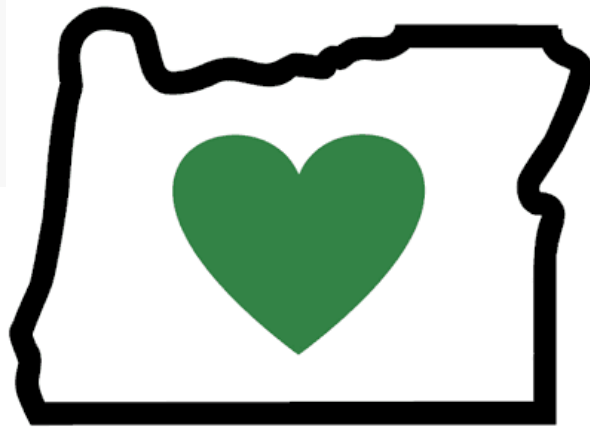
- Add or delete services?
- Add or delete funding for specific services?
- Determine how much an employee is paid?



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# THE BUDGET DOCUMENT



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## Funds

A **fund** is a budgeting and accounting concept and analysis structure that segregates a set of financial transactions for a defined purpose or program.

Source: Budgeting for Local Governments



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## Fund accounting: Why we can't just fix things?

- Restricted funds
  - Revenues spent only on items related to that specific fund, *regardless of what the City's greatest needs are*
- If the appropriate fund doesn't have the \$, we can't afford it – *regardless of how much \$ is in the City's other funds*

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### Fund Accounting

Beginning Fund Balance	\$2,000,000
Resources	+\$3,000,000
Requirements	-\$4,000,000
Ending Fund Balance	<u>\$1,000,000</u>

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## Budget Funds: General Fund

- Day-to-day operations
- General operating fund for local government
- May be the only fund in a small district
- General fund balance is a measure of financial health



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## Budget Funds: Capital Project Fund

- For building/acquisition of capital facilities
- Nonrecurring major expenditure items
- Resources
  - Proceeds from the sale of general obligation bonds
  - Tax revenue from specific purpose local option taxes, grants, transfers from other funds
  - Other revenues authorized for financing capital projects

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## Budget Funds: Debt Service Fund

- For payment of principal and interest on long-term debt
- May be several bond issues in one debt service fund, but separate accounts must be established for general obligation bonds and revenue bonds
- Taxes dedicated to repay bonds cannot be used for any other purpose
- May include a requirement for a debt service reserve



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## Proprietary Funds: Enterprise Fund

For acquiring, operating, and maintaining facilities and services which are self-supporting from user charges and fees



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## Proprietary Funds: Other

- Trust and Agency Fund (rare)
  - For assets held, or revenue received, by local governments in a fiduciary capacity for certain specified purpose.
  - Example: a bequeath with the provision that the interest income be used for a library, park, cemetery, etc.
- Internal Service Fund
  - For services furnished by one department/agency to another department/agency



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## Budget Resources

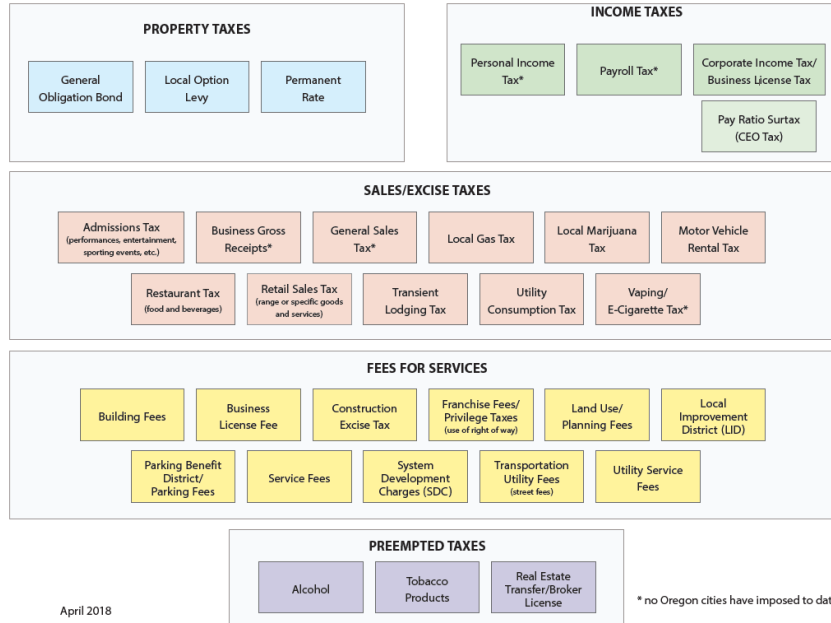
- Local governments *estimate* and budget all anticipated resources, including
  - Current year property taxes
  - Cash balances
  - Investments
  - Prior year taxes
  - Fees
  - Interest
  - Grants
  - Interfund transfers
  - Revenues from other sources

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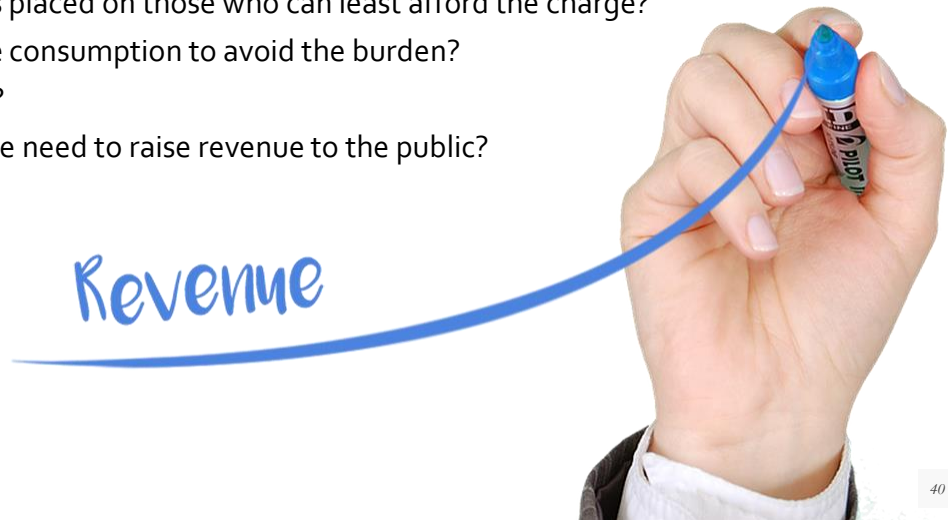


## Discretionary City Revenue Sources



## Budget Resources: Considerations for expanding revenues

- » How effective and efficient is revenue collection?
- » Are unfair burdens placed on those who can least afford the charge?
- » Can people reduce consumption to avoid the burden?
- » Are costs covered?
- » How do you sell the need to raise revenue to the public?





## Budget Requirements

- **Personnel Services** - Salaries, payroll taxes, fringe benefits, and misc. costs including overtime.
- **Materials and Services** - Contractual services, materials, office supplies, operating expenses, and other charges (i.e. education and travel)
- **Capital Outlay** - Land, buildings, improvements, machinery or equipment with a useful life of greater than one year and exceeding a threshold established by the city
- **Debt Service** - Principal and interest payments on debt such as bonds

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## Budget Requirements

- **Contingency** - Amount set aside based on the assumption that unforeseen spending may become necessary in an operating fund
- **Reserve for Future Expenditure** - Amount set aside to save money for a specific purpose
- **Unappropriated Ending Fund Balance** - Amount set aside to provide the local govt. with a cash balance to begin the following fiscal year. This amount is never appropriated.

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## Funds by Department

	General	Internal Services	Surface Water	Water	Sewer	Streets	Bonded Debt	Bancroft	Library Capital	Parks SDC	Transportation Dev. Tax
City Council	X	X									
Community Development	X	X									
Engineering	X	X		X	X	X	X				X
Police	X	X									
Municipal Court	X	X									
Fire	X	X									
Library	X	X							X		
Parks	X	X								X	
Administration	X	X						X	X		
Support Services	X	X		X	X	X	X				
IT		X									
Facilities	X	X									





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## Types of Property Taxes: Local Option Taxes

- Local government asks voters to approve a local option tax
- Authority can be given as a dollar amount (that must be the same every year) or as a rate
- Subject to the constitutional limits of Measure 5 and are reduced before any other taxes
- Can be used for
  - general operations – can be imposed from 1-5 years
  - A specific purpose
  - Capital projects – imposed for the expected useful life of the capital asset to be purchased/built or 10 years, whichever is less



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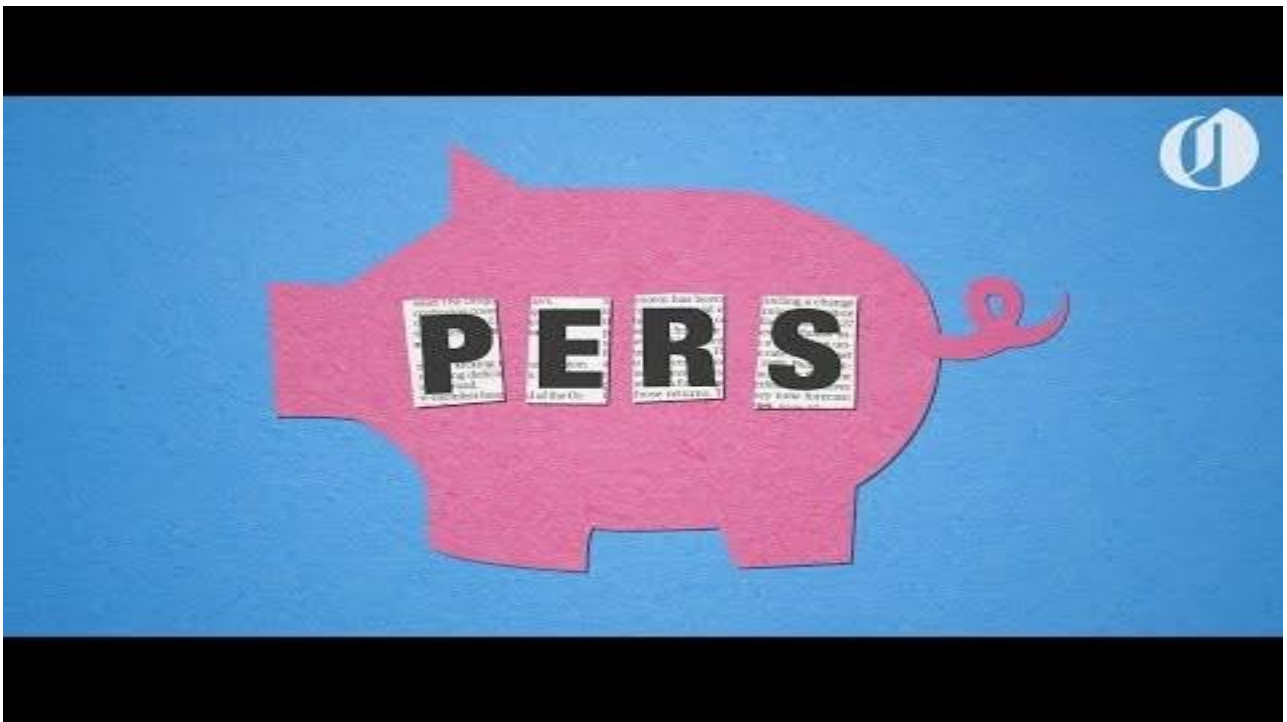
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## Types of Property Taxes: **Bonded Debt Taxes**

- » Local governments can impose taxes for general obligation (GO) bond principal and interest without annual voter approval
- » Amount is limited to the payment of principal and interest necessary to retire the bonds
- » Taxes to repay GO bonds are not subject to Measure 5

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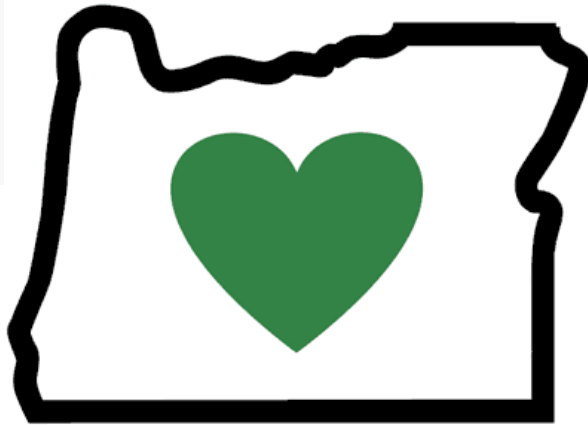
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# ETHICS



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## Ethics: Public Officials

- Public official is “any person serving the State of Oregon or any of its political subdivisions or any other public body, as an elected official, appointed official, employee or agent, irrespective of whether the person is compensated for the service”.
- Oregon Government Ethics Commission
  - Prohibited use of office
  - Conflicts of interest
  - Gifts
  - Nepotism
  - Outside employment
  - Subsequent employment
  - Statement of economic interest
  - Lobbying and executive session



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## Ethics: Public officials cannot use their public positions for

- Financial gain or avoidance for themselves, a relative, or household member
- Promise of future employment
- Use of confidential information gained through public office
- Representation before the governing body for a fee



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## Ethics: *What is NOT* financial gain?

- » Official compensation package
- » Honoraria (max \$50)
- » Reimbursement of approved expenses
- » Unsolicited awards for professional achievement
- » Certain gifts
- » Contributions to a legal expense trust fund



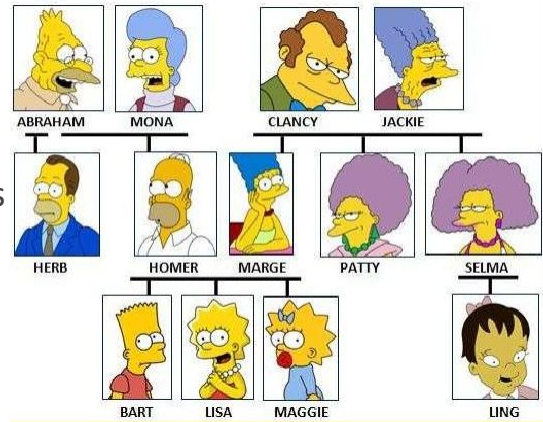
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## Ethics: Who is a relative or household member?

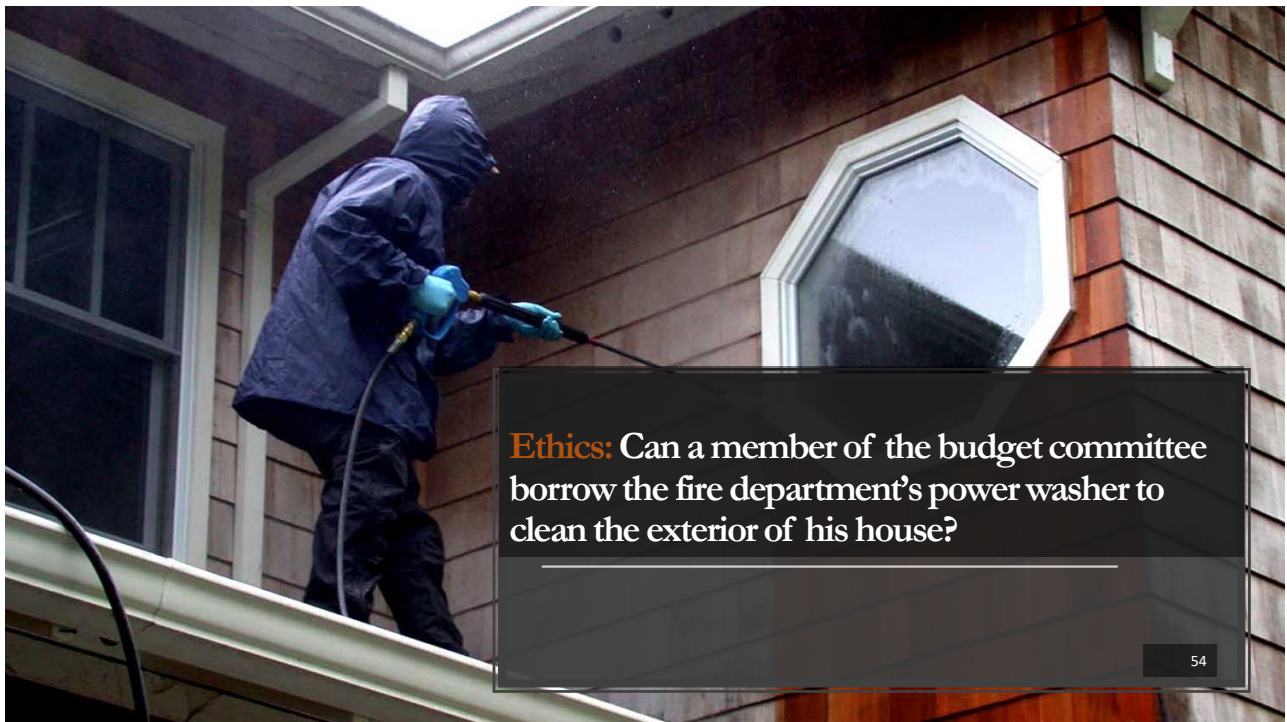
### » Anyone

- who the official has a legal support obligation
- receiving benefits of the public official's public employment
- from whom the official received a benefit of employment
- Residing with the public official or candidate



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**Ethics:** Can a member of the budget committee borrow the fire department's power washer to clean the exterior of his house?

54

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**Ethics:** Can a member of the budget committee install MS Office on a personal computer using the city's license?



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## **Ethics: Conflicts of Interest**

Participation in an official action that *would or could* result in a financial benefit to the public official, a relative, or a business in which either are associated



*"Try this—I just bought a hundred shares."*

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## Ethics: What is a Gift?

- » Something of economic value given to a public official or a member of their household
- » Gift is not available to the general public under the same terms and conditions as those offered to the public official.
- » Value greater than \$50
- » Source has legislative or administrative interest in my position

\$50



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## Ethics: What is not a Gift?

- » Something from relatives or household members
- » Reasonable expenses
- » Reasonable food, travel or lodging
- » Unsolicited awards or tokens of appreciation
- » Anything part of the usual and customary practice of the person's private employment
- » Informational materials
- » Discounts on continuing education or licensing events
- » Legal defense trust fund



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