



**AGENDA**

**BUDGET WORK SESSION**

**FEBRUARY 18, 2015  
CITY HALL COUNCIL CHAMBER  
5:30 P.M.**

1. BUDGET COMMITTEE ORIENTATION
  - A. Review of Oregon Local Budget Law
  - B. Review of Budget Process and Budget Calendar for 2015-16 Fiscal Year
  - C. Explanation of City Fund Types and Structure
  - D. Explanation of Adopting Resolution Structure
2. DISCUSSION REGARDING CITY'S CURRENT FINANCIAL CONDITION
3. DISCUSSION REGARDING CITY COUNCIL'S 18 MONTH WORK PLAN
4. DISCUSSION REGARDING CITY BUDGETING POLICIES
5. CONCERNS, QUESTIONS, OR ADDITIONAL INFORMATION THE COMMITTEE IDENTIFIES
6. ADJOURNMENT

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**This meeting will be conducted in a handicap accessible room. Please let us know if you will need any special accommodation to attend the meeting.**

Prepared by

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Julie Krueger, MMC, City Clerk



# Local Budgeting in Oregon





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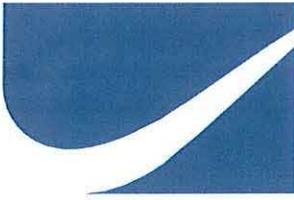
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*Local Budgeting in Oregon* is a supplement to the *Local Budgeting Manual* (150-504-420), hereafter called the *Manual*. This booklet will introduce you to the requirements of Oregon's Local Budget Law, but it is not a substitute for the *Manual*. Before you take any formal action in the budget process, consult the *Manual*.

## First, the basics

### What is the law?

Most local governments in Oregon, from the smallest cemetery district to the largest city, must prepare and adopt an annual or biennial budget. (The only exceptions are a few types of local governments specifically exempted.) Schools, counties, cities, ports, rural fire protection districts, water districts, urban renewal agencies, and special districts are all subject to the same budget provisions.

This is not unusual. Many states have specific laws which require units of local government to prepare and adopt annual operating budgets. Yet, Oregon's budgeting system is considered one of the most progressive in the nation. Why?

Look at Oregon's Local Budget Law. (You'll find it in Chapter 294 of the Oregon Revised Statutes.) The law does two important things:

1. It establishes standard procedures for preparing, presenting, and administering the budget.
2. It requires citizen involvement in the preparation of the budget and public disclosure of the budget before its formal adoption.

Many people rely on you, as an elected or appointed official, to see that the annual budget is prepared correctly. State officials check to see that the budget is prepared and administered according to law, and citizens in your district check to see that programs they want and need are adequately funded. This makes budgeting in Oregon a joint effort between the people affected by the budget and the appointed and elected officials responsible for providing the services.

To give the public ample opportunity to participate in the budgeting process, local budget law requires that a budget officer be appointed and a budget committee be formed. The budget officer draws together necessary information and prepares the first draft of the budget. The budget committee then reviews and revises the proposed budget before it is formally approved. Notices are published, budgets are made available for public re-

view, and at least two opportunities for public comment are provided. These requirements encourage public participation in the budget-making process and give public exposure to budgeted programs and fiscal policies before their adoption.

Naturally, citizen involvement varies from one community to the next. If the patrons in your district are active and involved, you may find citizens asking for information not specifically required under local budget law. It is up to your local government to prepare a budget that clearly outlines its fiscal policies and is satisfactory to the voters of the district. If you can make your budget clear and concise, you'll find that taxpayers have a better understanding of the purposes for which their tax dollars are spent. You may also find the citizen input informative and beneficial.

### What is a budget?

A budget is a financial plan containing estimates of expenditures and revenues for a single fiscal year (July 1 through June 30).

Note: Local governments have the option of budgeting on a 24-month "biennial" budget period or by fiscal year. For the differences entailed in biennial budgeting, see page 8. Throughout this booklet, we refer to "fiscal year" but if a local government adopts a biennial budget, the period referred to is a 24-month period.

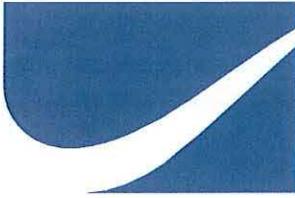
Besides outlining programs for the coming year, the budget controls the local government's spending authority. Since the budgeting process encourages citizen input, the budget is also a vehicle for obtaining public opinion about proposed programs and fiscal policies of your district.

The content and detail of each budget will vary substantially because of differences in the purpose, size, and complexity of local governments.

### Who is on the budget committee?

The budget committee consists of the members of the local governing body (such as county commissioners or school board members) and an equal number of citizens at large. The citizens are appointed by the governing body and serve terms of three years. Terms are staggered so that about one-third of the appointed terms end each year.

Note: For most of the districts in Multnomah County, because the Tax Supervising and Conservation Commission (TSCC) holds the budget hearing, the governing body is the budget committee and there are no appointive members. These districts should consult with the TSCC about their processes. This publication addresses the budget committee process for all other districts in the state.



## The budget cycle

### The nine steps

Budgeting is not something you do once a year. It's a continuous operation, and it takes 12 months to complete a cycle. The budgeting process is actually in three parts: The budget is prepared, approved, and finally adopted. Your budget must be prepared far enough in advance so that it can be adopted before June 30. After adopting the budget, the governing body will make the necessary appropriations and certify the tax levy to the county assessor.

To simplify this rather complex process, we've divided budgeting into nine steps.

### Preparing the budget

1. **Budget officer appointed.** Each local government must have a budget officer, either appointed by the governing body or designated in the local government's charter. The budget officer is under the supervision of either the executive officer or the governing body.
2. **Proposed budget prepared.** The budget officer is responsible for preparing or supervising the preparation of the proposed budget for presentation to the budget committee.

### Approving the budget

3. **Budget officer publishes notice.** When the proposed budget and the budget message are ready, the budget officer publishes a "Notice of Budget Committee Meeting." If notice is only published in a newspaper of general circulation, it must be published at least twice, five to 30 days before the scheduled budget committee meeting date. The notice may be published once in a newspaper (five to 30 days prior to the scheduled budget committee meeting) as long as it is also published on the local government's website at least 10 days before the meeting. The newspaper notice must include the website address. If notice is hand delivered or mailed, only one notice is required not later than 10 days prior to the meeting.
4. **Budget committee meets.** At least one meeting must be held to 1) receive the budget message and budget document, and 2) hear the public. The budget officer provides a copy of the proposed budget to each member of the budget committee. The copies may be distributed any time before the advertised bud-

get committee meeting. It is also acceptable to wait and distribute the budget at the advertised meeting. When the budget is given to the budget committee, it becomes a public record and must be made available to the public.

The budget committee members cannot get together in person, by telephone, or email before the advertised meeting to discuss the budget. All budget discussions must be held at public meetings.

At the budget committee meeting, the budget message is delivered. The budget message explains the proposed budget and significant changes in the local government's financial position. At this meeting, the budget committee may provide members of the public the opportunity to ask questions about or comment on the budget. If public comment is not allowed at this meeting, the budget committee must provide the public with the opportunity at subsequent meetings.

After the initial meeting, if needed, the budget committee may meet as many times as needed to revise and approve the budget. If two or more meetings are held to take comment from the public, only the first meeting to do so must meet the publication requirements explained in step 3. Notice of additional meetings for this or any other purpose may be provided in the same time frame and manner as notices of meetings of the governing body. Notice of other meetings of the budget committee must be provided as required by Oregon public meeting law. All meetings are open to the public.

5. **Committee approves budget.** When the budget committee is satisfied with the proposed budget, including any additions to or deletions from the one prepared by the budget officer, the budget is approved. If the budget requires an ad valorem tax to be in balance, **the budget committee must approve an amount or rate of total ad valorem property taxes to be certified to the assessor.**

### Advertising and holding hearings

6. **Budget summary and notice of budget hearing published.** After the budget is approved, a budget hearing must be held by the governing body. The budget officer must publish a summary of the budget approved by the budget committee and notice of budget hearing five to 30 days before the scheduled hearing. This information must either appear in a newspaper of general circulation, be mailed, or be hand delivered.

If no newspaper is published in your district and estimated expenditures for the ensuing year do not exceed \$100,000, you may provide the budget summary and notice of budget hearing by posting it in three conspicuous places within the district for at least 20 days prior to the date of the hearing.

See the *Manual* for details on publication requirements.

7. **Budget hearing held.** The budget hearing must be held by the governing body on the date specified on the public notices.

The purpose of the hearing is to receive citizens' testimony on the budget approved by the budget committee. Additional hearings may be held. All hearings are open to the public.

### Adopting the budget

8. **Budget adopted, appropriations made, tax levy declared and categorized.** By law, the governing body may make changes in the approved budget before or after it is adopted, but no later than the beginning of the fiscal year to which the budget relates. However, without first publishing a revised budget summary and holding another budget hearing:

- Taxes may not be increased beyond the amount approved by the budget committee, and
- Estimated expenditures in a fund may not be increased by more than \$5,000 or 10 percent, whichever is greater.

After the budget hearing, and after considering relevant testimony, the governing body adopts the budget. **It should not be formally adopted until the latter part of June** so last-minute revisions to revenue or expenditure estimates can be incorporated.

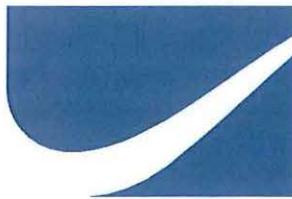
The governing body must enact a resolution or ordinance to 1) formally adopt the budget, 2) make appropriations, and if needed, 3) levy, and 4) categorize any tax. The budget is the basis for making appropriations and certifying the tax levy. The resolution or ordinance must be adopted no later than June 30. See the *Manual* for the format of the resolution or ordinance.

9. **Budget filed and levy certified.** The final step in the budget cycle is to certify any necessary property tax levy.

Districts levying a property tax must submit to the county assessor's office on or before July 15:

- Two copies of notice of levy and the categorization certification, and
- Two copies of the budget resolution or ordinance.

Each local district that does not levy a property tax must send a copy of the resolution adopting its budget and making appropriations to the Department of Revenue on or before July 15. All local districts send a copy of the complete budget to the county clerk on or before September 30. School districts also submit a copy of the budget to the county education service district office and to the Oregon Department of Education.



## The budget document

All budgets must meet certain minimum requirements, outlined here. For specific examples consult the *Manual*.

Under local budget law the budget must follow a basic format. Expenditures generally are broken down first by fund, then by organizational unit or program, and then, more specifically, by object classification and object. Revenues are broken down by fund, at the least.

### What is a fund?

A fund is a fiscal and accounting entity with self-balancing accounts set aside to carry on a specific activity or to meet certain objectives in accordance with a specific regulation. The requirements and resources of a fund must always balance. Every budget has at least one fund (commonly called the General Fund) which is used for everyday operation of the local government.

Depending on the size and complexity of your local government and the services it provides, your district may also have a number of special funds. The most common reason for establishing a special fund is to account for a revenue source whose use is limited to a particular kind of expenditure. Examples include: debt service funds, construction funds, reserve funds, street funds, water funds, and sewer funds.

### What is an organizational unit?

Some funds are broken down to account for one or more organizational units or activities, which are merely subdivisions of a fund. An organizational unit might be a department, office, or division. What you call these units is up to your local government.

### What is a program?

Budget requirements may be prepared by program. Programs are groups of activities to accomplish a major service or function. Schools use programs in budgeting.

### Budget format

Your budget detail sheets for expenditures and revenues must show in parallel columns:

1. Actual expenditures and revenues for two years preceding the current year.
2. Budgeted requirements and revenues for the current year.

3. Estimated requirements and revenues for the coming fiscal year. Upcoming fiscal year estimates should be broken into three columns: proposed, approved, and adopted, showing estimated amounts as they are considered through each step of the budget process.

Information in each column must be itemized to show all estimated or incurred requirements and revenues.

### Revenues

Budget revenues are divided into two types: ensuing year property tax and nonproperty tax revenues. Property taxes shown in your budget will not be the same as the property tax “levy” you submit to the assessor.

There are three reasons for this. First, not all taxpayers pay their taxes in the year billed. Second, discounts are given for timely property tax payments. Third, the Oregon Constitution sets a limit on the amount of taxes that can be collected from an individual property.

You must estimate the amount of taxes to be lost because of the “constitutional limits” and “discounts allowed and other uncollected amounts.”

The total of these amounts plus estimated taxes to be received cannot exceed your district’s taxing authority, which includes its rate limit, voter approved local option levies, and levies to repay bonded debt. This total is the amount of tax levy that is certified to the assessor.

The amount estimated as “loss due to constitutional limit” will vary from district to district. Late in October or early November each year, the tax collector sends the district a report on the amount of taxes that will actually be billed for the district. This is called the taxes imposed.

“Discounts allowed and other uncollected amounts” normally will represent only a small percentage of the property tax levy. Contact your county tax collector for help in determining this percentage.

You next need to calculate how much tax revenue can be raised using the district’s permanent rate limit.

$$\begin{array}{c} \text{Rate Limit} \\ \text{times} \\ \text{Estimated District Assessed Value} \\ \text{equals} \\ \text{Amount Raised By Rate Limit} \end{array}$$

This amount plus any local option taxes or bond levies, less the estimate of taxes to be lost, is the amount of tax revenue estimated to be received. If this amount is less than the amount needed for the budget, requirements must be reduced, other sources of revenue found, or additional taxing authority approved by voters.

### Expenditures and requirements: by fund

Under the law, budget expenditures and other requirements must be itemized to show all estimated expenses. The estimates may be prepared either by program or organizational unit. Within any fund each expenditure must be detailed and identified, arranged by organizational unit if applicable, and put into one of these major object classifications:

- **Personnel services** includes all salaries, fringe benefits, and miscellaneous costs associated with salary expenditures.
- **Materials and services** includes contractual and other services (example: audit or legal services), materials, supplies, and other charges.
- **Capital outlay** includes acquisition of land, buildings, improvements, machinery, and equipment.

Some special expenditures and requirements do not fit logically into one of these three object classifications. These are put in special categories. The most common special categories are:

- **Debt service** includes repayment of principal and interest on bonds, interest-bearing warrants, and short term loans.
- **Transfers.** An amount to be given as a resource to another fund in the budget.
- **General operating contingencies.** A special amount set aside in the upcoming year for unforeseen expenses.
- **Unappropriated ending fund balance.** A special amount set aside in a budget for use as a resource in the beginning of the next fiscal year after it was budgeted.

### Expenditures and requirements: program budgets

Program budgets are prepared differently. Estimates for each program must be arranged by activity and then put into separate object classifications, as already described.



## Taxes and budgeting

Many local governments rely heavily on property taxes to finance services they offer. In some cases, services are paid for entirely by property taxes.

The amount and type of tax a local government may levy is limited by the Oregon Constitution and Oregon law. The constitution allows a local government to levy annually the amount that would be raised by its permanent rate limit without further authorization from the voters. Revenue from the permanent rate-limited levy can be used for any purpose.

When a local government has no permanent rate limit or when the rate limit does not provide enough revenue to meet estimated expenditures, the government may request a local option levy from the voters. These levies are in excess of the rate limit and require voter approval. Currently, ESDs cannot use the local option tax. Schools and community colleges can use the local option tax, but the amount they may request is limited.

A local option can be used for general purposes or a specific activity. The levy may be stated as a total dollar amount or rate to be levied uniformly for a period. If the levy is for an operating purpose, the period cannot exceed five years. If the levy is for a capital project, the period cannot exceed 10 years or the life of the capital asset, whichever is less.

A debt service levy is used only to pay principal and interest on bonds. The constitution does not require voters to approve this type of levy each year. That's because voter approval of a bond issue is considered approval of levies necessary to repay bond interest and principal.

By law, some local governments are limited on the total amount of tax they may levy. These limits are computed as a percentage of a local government's property value. For specific examples, consult the *Manual* or the Department of Revenue, Finance and Taxation Unit.

Tax levies not made according to law may be voided by an appeal to the Oregon Tax Court. Appeals can be made by the county assessor, county court, board of commissioners, Oregon Department of Revenue, Tax Supervising and Conservation Commission, or 10 or more interested taxpayers. An appeal must be submitted within 30 days after the local government certifies the tax levy to the county assessor.

In addition, since 1991, the Oregon Constitution has limited the amount of taxes that may be imposed on any property. For any property, the maximum amount of taxes to support the public school system is \$5 per \$1,000 of real market value. The maximum amount of taxes to support other government operations is \$10 per \$1,000 of real market value. Certain types of taxes may not be subject to the limit. See the *Manual* for further information.



## Elections and budgeting

Many local governments find that available revenues, including revenue from levies made under the permanent rate limit, are not enough to finance proposed expenditures. In this case, there are two alternatives:

1. Lower the proposed expenditures to equal available revenues, or
2. Schedule a tax levy election to obtain voter approval to levy a local option tax.

All local governments that decide to schedule a levy election are limited to four election dates each year. The levy election must be on one of these dates.

See your county elections officer for more information. The county elections officer publishes election notices, sample ballots, and a list of polling places.

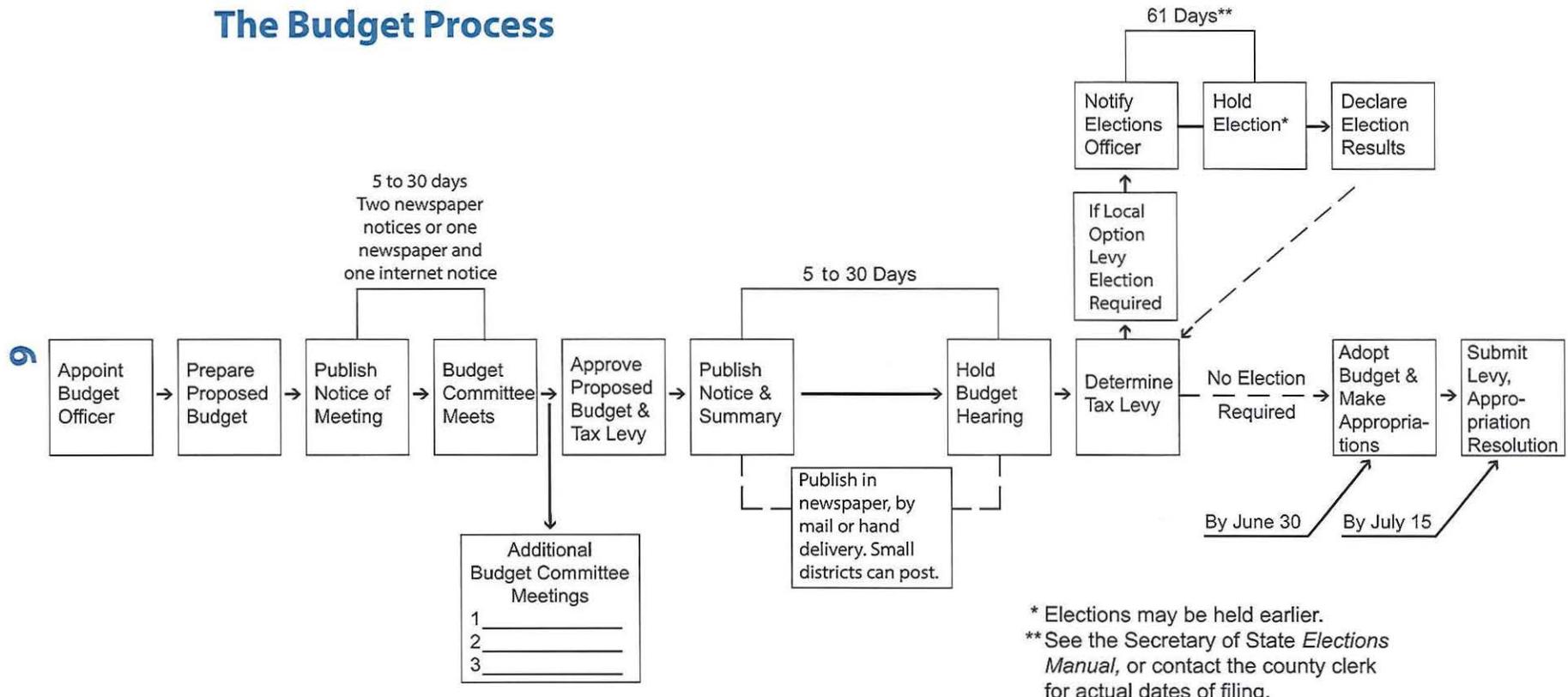
### Election dates

- Second Tuesday in March
- Third Tuesday in May
- Third Tuesday in September
- First Tuesday after the first Monday in November

Even if the voters have not yet approved the tax levy before the end of the fiscal year, the governing body must adopt the budget and make appropriations by June 30 to lawfully spend public funds in the new fiscal year. When the district is planning on a tax levy election in September, it must request in writing from the county tax assessor an extension to certify its tax levy. When the tax levy is finally determined, the governing body adopts the resolution to levy taxes and submits its final levy certification to the assessor. If the late levy election failed, the governing body must reduce its budget appropriations to reflect the amount of taxes it actually has authority to levy.

Tax levy ballot language sometimes must contain certain wording or statements required by law or must not exceed other limits. For more details, see the *Manual*, or download a copy of the *Tax Election Ballot Measure Manual* (150-504-421).

# The Budget Process



\* Elections may be held earlier.  
 \*\* See the Secretary of State *Elections Manual*, or contact the county clerk for actual dates of filing.



## Appropriations and their use

When the nine budget steps are completed and the new fiscal year begins, the governing body works from appropriations. Amounts listed in the appropriation resolution provide authority to spend public funds in the next 12 months. However, appropriations may be made in broader categories than the detail presented in the budget.

District spending is limited to the schedule of appropriations. But what if it is necessary to exceed original appropriations? This may be done after transferring appropriations or preparing a supplemental budget. There are special provisions for exceeding appropriations due to civil disturbance, fire, flood, earthquake, or other calamity.

### Appropriation transfers

The governing body's spending authority in existing appropriations may be changed by 1) transferring amounts among existing appropriations in the same fund, or 2) transferring from an existing appropriation in one fund to an existing appropriation category in another fund.

Whenever you need to transfer an appropriation, the governing body must enact a resolution or ordinance providing for the transfer. This enactment must be made before any overexpenditure is incurred. Once a transfer is authorized, the expenditures can be made.

### Supplemental budgets

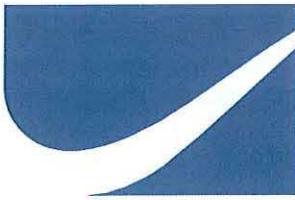
By transferring appropriations, a governing body usually has enough flexibility to carry out the programs prescribed in an adopted budget. But there will be times when an adopted budget gives no authority to make certain expenditures or when revenues are received for which the governing body had no previous knowledge. In these cases it is possible to use a supplemental budget to authorize expenditures or spend additional revenues in a current fiscal year. (There are a few special revenues which may be spent without a supplemental budget.) Supplemental budgets cannot be used to authorize a tax levy.

Local budget law does not contemplate the involvement of the budget committee in adopting supplemental budgets. The governing body may adopt a supplemental budget at a regular public meeting if prior notice is given and the expenditures in the supplemental budget are 10 percent or less than of the budget fund being adjusted. If the expenditures are more, the governing body must

publish a summary of the changes in the supplemental budget and hold a special hearing.

Public officials who spend money unlawfully, in excess of authorized amounts or for purposes not provided by law, are civilly liable. The district attorney or a taxpayer may file suit for return of the money.

For more details, see Oregon Revised Statute 294.471 or the *Manual*.

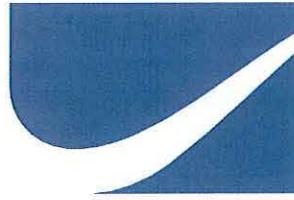


## Audits

The final phase in the budgeting cycle is an audit of the previous fiscal year. This usually is done soon after a new fiscal year begins. Most local governments are subject to Oregon's Local Budget Law. Most of these governments are required to have their accounts and fiscal affairs audited and examined annually.

An audit must be done by the Secretary of State or an auditor certified by the Oregon State Board of Accountancy to conduct municipal audits. The auditor examines financial statements, books, records, and other financial data of your local government. The auditor also will look at any activities that relate to collection, receipt, custody, handling, expenditure, or disbursement of public funds.

Contact the Secretary of State's office, Audits Division for further explanation or questions.



## Biennial budgeting

Local governments may budget either on a one-year (fiscal year) or a two-year (biennial) cycle. The governing body may, by ordinance, resolution, or charter, provide that the budget be prepared for a period of 24 months. The biennial budget period begins July 1 and ends June 30 of the second following calendar year. In brief, the differences between fiscal year budgeting and biennial budgeting are:

1. Members of a budget committee who prepare a biennial budget are appointed to four-year terms. The terms of the members should be staggered so that one-fourth of the terms end each year.
2. The budget estimate sheets containing the estimates of resources and expenditures in a biennial budget must show:
  - Actual expenditures for the two budget periods preceding the current budget period,
  - The estimated expenditures for the current budget period, and
  - The estimated expenditures for the ensuing budget period.
3. The summary of the budget as approved by the budget committee that is published along with the notice of the budget hearing will show the proposed budget for a two-year period.
4. If a taxing district adopts biennial budgeting, the budget committee must approve the amount or rate of ad valorem property taxes for each year of the biennium.
5. After the budget committee approves a biennial budget and before the budget is adopted, the governing body may not increase the amount of estimated expenditures for the biennium in any fund by more than \$10,000 or 10 percent, whichever is greater, and may not increase the amount or rate of the tax levies approved by the budget committee for either year of a biennial budget unless the amended budget document is republished and another budget hearing is held. Once the budget is adopted, the tax amount cannot be increased in the second year.
6. If a district adopts a biennial budget, then after the budget hearing and before the June 30 that precedes the start of the budget period, the governing body must pass a resolution or ordinance to adopt the budget and make appropriations for the ensuing 24-month budget period. The governing body must also pass a resolution or ordinance to levy and categorize property taxes for each year of the ensuing budget period.

7. Whether a budget is for a fiscal year or for a biennium, certification of property tax levies and a copy of a resolution or ordinance levying and categorizing taxes for the ensuing year must be submitted to the county assessor every year by July 15.
8. Districts that must submit their budgets to the Department of Revenue or to the Tax Supervising and Conservation Commission must do so only during the first year of a biennial budget period.



## Questions and answers

### What is a budget committee?

The budget committee is the district's fiscal planning advisory committee. The committee consists of the elected governing body members and an equal number of qualified district voters appointed by the governing body.

### Who can serve on a budget committee?

Any qualified voter of the district appointed by the governing body except officers, agents, or employees of the district.

### Are budget committee members paid for their work?

Budget committee members cannot receive any compensation for serving as committee members. They may be eligible to receive reimbursement for travel or meal expenses that are incurred as a result of meetings or other authorized committee functions.

### How long do members serve?

Citizen budget committee members are appointed by the governing body for three-year terms. Terms are staggered so that approximately one-third of the terms expire each year. Members may be re-appointed for successive terms. If a member resigns, becomes ineligible, or is unable to serve out his or her term of office, the governing body appoints a replacement to complete the term. There is no provision in the law for "alternate" members.

### What if no one will serve on the budget committee?

If the governing body is unable to appoint qualified individuals to vacant positions, the budget committee may function with a reduced number of members. For example, if a five-member governing body, after making a good faith effort to seek qualified citizen members, can fill only three of the appointed positions, the budget committee can function with eight members rather than ten. A majority would then be five instead of six. The membership may not be reduced because governing body positions are currently vacant.

### Who are the budget committee officers?

Only a presiding officer position is required by law. The presiding officer's duties are to chair budget committee

meetings. The chair can be either an elected or appointed member. Some districts may elect a vice chair to conduct meetings in the presiding officer's absence. The committee should also designate someone to be responsible for keeping an official record of its proceedings. All members of the budget committee have the same degree of authority and responsibility.

### **What is the budget committee's main function?**

In a series of public meetings the budget committee meets to review, discuss, make additions or deletions, and approve the proposed budget presented by the local government's budget officer. Upon completion of its deliberations, the committee approves the budget and sets the tax rate or amount needed to balance the budget.

### **What are the rules about budget committee meetings?**

Budget committee meetings are open to the public. A quorum is required to conduct committee business. A majority of the budget committee membership is required to approve any motion.

Minutes of each meeting are kept. The minutes are the official record of budget committee meetings. It is important that minutes are accurate. The budget process is required by law and districts may need to document that the process was in compliance with state statutes. The approval of the final budget document and the rate or amount of tax to be imposed, in particular, should be in the form of motions with the votes recorded in the minutes.

### **What happens at the first budget committee meeting?**

Generally, the budget committee elects a chair and other officers, receives the budget message, hears patrons, sets dates for future meetings, and adopts rules of order. These rules should establish an operating procedure for the budget review process. The committee may adopt Robert's Rules of Order or establish its own. In any event, the budget committee needs to discuss and agree upon a procedure. The committee may not adopt any rule which would allow it to take official action with approval of less than a majority of its members in agreement.

### **What happens at subsequent budget meetings?**

Generally, the second and other subsequent meetings take place at least one week after the first meeting. This practice allows budget committee members to review the proposed budget document. Budget committee members may wish to make arrangements with the district administrator and/or budget officer to visit district operations during this week, make inquiries about specific budget items, request additional information, or indicate areas of interest they believe should be highlighted at future

meetings. In subsequent meetings, the entire budget is reviewed fund by fund and/or section by section.

At least one meeting must provide the opportunity for the public to ask questions and make comments about the budget. Notification of the first budget committee meeting in which public questions and comments will be heard is required in a newspaper of general circulation, by a first-class mailing to every street address or P.O. box in the district, or by hand delivery to every street address. See Chapter 9 of the *Manual* for more detail on publication requirements.

### **How many meetings are required?**

The number of meetings required varies from year to year and with the unit of government. Some districts meet only once, others may need to meet several times. Factors such as the detail in the budget documents, size of the district, number of funds, presentation of the budget, and the personalities of individual budget committee members will result in various numbers of meetings.

### **When will I get a copy of the budget?**

The budget officer provides copies of the proposed budget at or before the first budget committee meeting, when the budget message is presented by the executive officer.

### **What other information is available to the budget committee?**

The budget committee may request any information required during consideration of the proposed budget from any district officer or employee. The budget committee may also require staff members to attend budget committee meetings. Such requests by the budget committee should be made through the chief administrative officer of the local government and/or budget officer.

### **How is the material that is presented by the budget officer at the first meeting prepared?**

The budgeting process is a continuous cycle that generally begins long before the budget committee meets. Each district has its own procedures for budget review and development. In larger districts, each part of the organization may have its own budget preparation process, in which funding requests for the upcoming fiscal year are developed and then "rolled up" into the total agency budget requirements. By the time the budget committee receives the budget message and budget document, many hours of work have been put into budget development. The budget officer coordinates these efforts with district staff and other administrators.

### **What is a quorum? What happens if we don't have a quorum at a budget committee meeting?**

A quorum is one more than half the total number of the members. If a quorum is not present, the members who

are present may discuss committee business, but no action may be taken.

### **What if we have a quorum, but cannot get a majority of the members of the budget committee to approve the budget?**

Any action by the budget committee requires approval by a majority of the entire committee. For example, if the budget committee has ten members, six are present at a meeting (a quorum), but only five of the six present agree with a motion to approve the proposed budget, then the motion does not pass. It is up to the budget committee to negotiate a budget and tax that is acceptable to a majority of its members.

### **May I ask questions other than at budget committee meetings?**

It could be very helpful and a courtesy to other budget committee members if inquiries are not restricted to committee meetings. Checking with the administrator and/or budget officer between meetings allows members to explore budget items of interest in greater detail than might be practical during committee meetings. Questioning also assists the administration/budget officer by giving an indication of concerns, making it possible to highlight issues that may be of interest to the entire budget committee.

### **Can I consult with other budget committee members about details in the budget other than at budget committee meetings?**

Discussion of the budget committee must always take place in the forum of a public meeting. One of the reasons Oregon uses the budget committee process is to ensure public comment and full disclosure of budget deliberations. It is much better to abide by the spirit of the law and hold all discussions at budget committee meetings.

### **Can the budget committee add or delete programs or services?**

Generally, the budget committee's role is not to directly establish or eliminate specific programs or services. Standards and budget parameters established by the governing body give the budget officer and administrative staff general guidelines for budget development. The budget officer then prepares a budget which reflects the governing body's parameters. This proposed budget is what the budget committee considers during its meetings. Budget committee influence on programs and services is most often exerted at a higher level, when it approves the overall budget and establishes the tax levy.

Having said all that, if a majority of the budget committee agrees, it can add or delete funding for specific services. Public participation at budget committee meetings may

influence budget committee decisions. However, final authority for administration rests with the governing body. The governing body can make changes after the budget committee has approved the budget, although they may have to re-publish the budget and hold another public hearing to do so.

### **Can the budget committee determine how much an employee is paid?**

The budget committee does not approve new personnel, employee contracts or salary schedules, nor does it negotiate salary contracts.\* However, the adopted salary schedules, negotiated contracts, and other materials that have a fiscal impact on the budget document may be requested for review by the budget committee. Through its authority, the budget committee may direct the administration to make dollar adjustments (increases or decreases) in the proposed budget.

### **What happens after all the sections of the budget are presented?**

After all presentations are made, all patron input received, and all other related issues discussed, the budget committee approves the budget. The approved budget recommends a level of spending for the year. The approved budget document also specifies the full amount of the property tax levy authority that may be certified to the tax assessor. The governing body may reduce the levy, but the rate or amount of the levy approved by the budget committee cannot be increased without republishing the financial summaries. Approval of the tax levy and the budget should be in the form of a formal motion, with the vote recorded in the minutes of the meeting.

### **Does the budget committee have any other duties?**

At the end of the final meeting where the budget is approved, and the tax levy rate or amount is established, the committee's work is finished as far as local budget law is concerned. Local charters may have additional duties. Frequently, budget committee members express a desire to assist the governing body and administration in any public meetings or appearances concerning the budget. The budget committee may be reconvened by the governing body at a later date in the event the financial conditions in the district change. A meeting for this reason is called at the discretion of the governing body and is not a requirement of the local budget law.

\*Note: ORS 204.126 says the county budget committee or TSCC approves changes in the salary of elected county officials.

### **After the budget is approved by the budget committee and recommended to the governing body, what action does the governing body take?**

The governing body must publish a financial summary of the budget that was approved by the budget committee. The notice of the budget hearing is also published with the financial summary. At the public hearing, the governing body hears any citizen input on the approved budget. The governing body may make additional adjustments to the budget that was approved by the budget committee. Following the hearing and no later than June 30, the governing body must adopt the budget, make appropriations, and set the property tax levy rate or amount. If a property tax is required, the governing body must certify the tax to the county assessor no later than July 15.

### **What if the governing body changes the budget approved by the budget committee in ways that the budget committee does not approve?**

The governing body has that right. However, the amount of the estimated expenditure for each fund may not be increased more than 10 percent unless a summary of the revised budget is again published and another public hearing is held. In addition, the total property tax to be levied may not exceed the amount or rate shown in the budget that was approved by the budget committee and published with the notice of the budget hearing without once again publishing the revised budget and holding another public hearing. Of course, budget committee members are free to attend that hearing and voice their opinions of the changes made by the governing body.

### **What is a supplemental budget?**

Districts may find it necessary to prepare a supplemental budget at some point during the fiscal year. Circumstances under which a supplemental budget is authorized are:

- An occurrence, condition, or need arises which was not known at the time the budget was adopted.
- Additional funds are made available after the budget was adopted.

Although the budget committee is usually not involved with supplemental budgeting, the procedures for supplemental budgets are similar to those for the annual budget. If estimated expenditures are being changed by more than 10 percent, these procedures include a public hearing and publishing a notice and budget summary five to 30 days prior to the hearing.

### **Where can I find the law that governs the creation and operation of budget committees?**

Budget committees are required in Oregon's Local Budget Law. This law is found in the Oregon Revised Statutes (ORS) beginning at ORS 294.305.

These statutes as well as additional information can be found on the Department of Revenue website at [www.oregon.gov/DOR](http://www.oregon.gov/DOR).

### **Where can I direct my questions regarding budget committees?**

Oregon Department of Revenue  
Finance, Taxation and Exemptions  
PO Box 14380  
Salem OR 97309-5075

Telephone: 503-945-8293  
Fax: 503-945-8737  
Email: [finance.taxation@oregon.gov](mailto:finance.taxation@oregon.gov)



## Administration Checklist

- ✓ Gather budget requests.
- ✓ Evaluate budget requests and develop proposed budget.
- ✓ Develop estimates of revenue.
- ✓ Prepare budget proposal.
- ✓ Estimate ad valorem taxes in budget document.
- ✓ Prepare budget message.
- ✓ Publish required notices and budget summary.
- ✓ Provide citizens with information about approved budget.

## Budget Committee Checklist

- ✓ Establish a meeting calendar.
- ✓ At first meeting, elect presiding officer (required) and vice chair (optional).
- ✓ At first meeting, establish budget committee procedural rules.
- ✓ At first meeting, receive budget message and proposed budget.
- ✓ Request information.
- ✓ Make budget documents available to any person.
- ✓ Provide opportunities for citizens to ask questions.
- ✓ Approve motion setting the rate or amount of taxes necessary to balance budget.
- ✓ Approve budget and recommend to the governing body.



## Glossary

Here are some terms you will use as you work on your budget.

**Adopted budget.** The financial plan adopted by the governing body which forms a basis for appropriations.

**Ad valorem tax.** A property tax computed as a percentage of the value of taxable property. See "Assessed value."

**Appropriation.** Based on an adopted budget, an authorization for spending specific amounts of money for specific purposes during specific periods of time. Presented in a resolution or ordinance adopted by the governing body.

**Assessed value.** The portion of value of real or personal property that is taxable. It is the lesser of the property's real market value or the constitutional value limit (maximum assessed value—MAV). The value limit may increase 3 percent annually unless qualifying improvements or changes are made to the property. These improvements or changes allow the value limit to increase by more than 3 percent.

**Biennial budget period.** A 24-month period beginning July 1 and ending June 30 of the second succeeding year.

**Budget.** Written report showing the local government's comprehensive financial plan for one fiscal year. Must include a balanced statement of actual revenues and expenditures during each of the last two years, estimated revenues and expenditures for the current and upcoming year.

**Budget committee.** Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters from the district.

**Budget message.** An explanation of the budget and local government's financial priorities. Prepared by or under the direction of the executive officer or presiding officer of the governing body.

**Budget officer.** Person appointed by the governing body to assemble budget material and information, prepare the proposed budget, and oversee the budget process.

**Capital outlay.** Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings.

**County elections officer.** County clerk or registrar of elections.

**District.** See “Local government.”

**Expenditures.** Decreases in net financial resources if accounts are kept on an accrual or modified accrual basis; total amount paid if accounts are kept on a cash basis.

**Fiscal year.** A 12-month period beginning July 1 and ending June 30.

**Fund.** A division in a budget segregating independent fiscal and accounting requirements. An entity within a government’s financial plan designated to carry on specific activities or to reach certain objectives.

**Governing body.** County court, board of commissioners, city council, school board, board of trustees, board of directors, or other governing board of a local government.

**Line-item budget.** The traditional form of budgeting, where proposed expenditures are based on individual objects of expense within a department or division.

**Local government.** Any city, county, port, school district, public, or quasi-public corporation (including a municipal utility or dock commission) operated by a separate board or commission.

**Municipality.** See “Local government.”

**Ordinance.** Written directive or act of a governing body. Has the full force and effect of law within the local government’s boundaries, provided it does not conflict with a state statute or constitutional provision. See also “Resolution.”

**Organizational unit.** Any administrative subdivision of a local government, especially one charged with carrying on one or more specific functions (such as a department, office, or division).

**Payroll expenses.** Health and accident insurance premiums, Social Security and retirement contributions, and civil service assessments, for example.

**Permanent rate limit.** A district’s permanent ad valorem property tax rate for operating purposes. This rate levied against the assessed value of property raises taxes for general operations. Permanent tax rate limits were either computed by the Department of Revenue for districts existing prior to 1997–1998 or are voter-approved for districts formed in 1997–1998 and later.

**Program.** A group of related activities to accomplish a major service or function for which the local government is responsible.

**Property taxes.** Amounts imposed on taxable property by a local government within its operating rate limit, levied under local option authority, or levied to repay bonded debt.

**Proposed budget.** Financial and operating plan prepared by the budget officer, submitted to the public and budget committee for review.

**Real market value.** Value at which a property would be sold by an informed seller to an informed buyer on the appraisal date. Value set on real and personal property as a basis for testing the (Measure 5) constitutional limits.

**Reserve fund.** Established to accumulate money from one fiscal year to another for a specific purpose.

**Resolution.** A formal expression of will or intent voted by an official body. Statutes or charter will specify actions that must be made by ordinance and actions that may be by resolution. (For cities, revenue raising measures such as taxes, special assessments, and service charges always require ordinances.) See “Ordinance.”

**Resources.** Estimated beginning fund balances on hand at the beginning of the fiscal year, plus all anticipated revenues.

**Revenues.** Monies received or anticipated by a local government from either tax or nontax sources.

**Supplemental budget.** Prepared to meet unexpected needs or to spend revenues not anticipated at the time the regular budget was adopted. Cannot be used to increase a tax levy.

**Tax levy.** Taxes imposed by a local government unit through a rate or amount.

**Transfers.** Amounts distributed from one fund to finance activities in another fund. Shown as a requirement in the originating fund and a revenue in the receiving fund.

**Unappropriated ending fund balance.** Amount set aside in the budget to be used as a cash carryover to the next year’s budget, to provide the local government with a needed cash flow until other money is received. This amount cannot be transferred by resolution or used through a supplemental budget during the fiscal year it is budgeted unless there is a significant calamity or natural disaster.

## Where to get help preparing your local budget

Finance, Taxation and Exemptions..... 503-945-8293  
Email.....finance.taxation@oregon.gov

Each year the Department of Revenue makes available a booklet that contains forms and instructions for summarizing your district's budget for publication and certifying the tax levies to the assessor. These forms meet the minimum requirements of local budget law and are free of charge.

The forms are available each year beginning in January on the department's website at [www.oregon.gov/dor](http://www.oregon.gov/dor).

The booklet is available upon request by contacting the Finance, Taxation and Exemptions Unit by telephone, email, or at the address below. If you would like a copy sent to you, please request your copy no later than November 15.

Finance, Taxation and Exemptions Unit  
Oregon Department of Revenue  
PO Box 14380  
Salem OR 97309-5075

Your district may also computer-generate the budget detail and publication forms based upon your district's own computer formatting.

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## Have questions? Need help?

**General tax information**.....[www.oregon.gov/dor](http://www.oregon.gov/dor)  
Salem..... 503-378-4988  
Toll-free from an Oregon prefix.....1-800-356-4222

### Asistencia en español:

En Salem o fuera de Oregon..... 503-378-4988  
Gratis de prefijo de Oregon ..... 1-800-356-4222

**TTY (hearing or speech impaired; machine only):**  
Salem area or outside Oregon ..... 503-945-8617  
Toll-free from an Oregon prefix..... 1-800-886-7204

**Americans with Disabilities Act (ADA):** Call one of the help numbers above for information in alternative formats.





## AGENDA STAFF REPORT CITY OF THE DALLES

MEETING DATE	AGENDA LOCATION	AGENDA REPORT #

**TO:** City of The Dalles Budget Committee

**FROM:** Kate Mast, Finance Director

**THRU:** Nolan K. Young, City Manager

**DATE:** February 9, 2015

**ISSUE:** Budget Committee Workshop

**BACKGROUND:** The budgeting process for the City of The Dalles and the Columbia Gateway Urban Renewal Agency is guided by Oregon's Local Budget Law in order to establish standards for procedures, minimum requirements for the information provided, encourage citizen involvement, and control expenditures of public funds. The QualityLife Intergovernmental Agency (QLife) is not required to follow Oregon's Local Budget Law because it does not impose taxes. However, we follow the same procedures for the QLife budget process in order to provide the transparency and controls that are required of the City and Urban Renewal Agency.

**Local Budget Law:** establishes standard procedures

- o A district that doesn't follow Local Budget Law may not lawfully expend money or certify property taxes to the County Assessor. (ORS 294.338)
- o A property tax made contrary to Local Budget Law is voidable by the Oregon Tax Court if appealed by the Department of Revenue, the County Assessor, the County Board of Commissioners/County Court, or ten interested taxpayers. (ORS 294.461)
- o Civil Liability: Any public official who expends public monies in excess of the amounts or for any other purpose than authorized by law shall be civilly liable for the return of the money, if there is malfeasance in office or willful or wanton neglect of duty. (ORS 294.100)

Included in this agenda packet is the Oregon Department of Revenue's "Local Budgeting in Oregon" booklet is geared towards providing information to Budget Committee members about the required budgeting process.

The first item on our agenda will be to clarify what the Budget Committee can and cannot discuss during a pre-budget process workshop. (ORS 294.426(6): "The budget committee may not deliberate on the budget document as a body before the first meeting." This means that at this workshop the following cannot be discussed: specific estimates or amounts associated with any fund or line item, resource or requirement to be included in the budget to be proposed; the question of whether to fund specific programs or expenditures; or the question of whether to impose any tax levy, or the amount of any levy.)

The following information is intended to explain the basics of Oregon Local Budget Law and how the City complies with the various requirements.

**Budget Officer:** Local Budget Law requires a Budget Officer be designated to be responsible for the preparation and delivery of a balanced proposed budget to the Budget Committee and body and for compliance with Local Budget Law. The City of The Dalles Charter, in Section 22, City Manager, (6), (8), states that the City Manager shall prepare and transmit to the Council an annual City budget.

**Budget Committee:** Local Budget Law requires a Budget Committee be formed that is made up of the governing body and an equal number of appointed citizens. Employees or agents of the City may not serve as appointed members of the committee. Appointed members of the Committee must be residents and registered voters within the City limits.

- The City Budget Committee is made up of five (5) Councilors and five (5) appointed members. The Mayor does not sit on the City's Budget Committee as he is not a voting member of the City Council.
- The Urban Renewal Budget Committee is made up of the six (6) members of the Board of Directors and six (6) appointed members. The Mayor is a voting member of the Urban Renewal Board of Directors, so he does participate as a member of this Budget Committee.

A quorum of the Budget Committee is one more than half the members and a quorum must be present to conduct the business of the Budget Committee.

- If the Budget Committee has all ten members in place, then six must attend to have a quorum.
- If the Budget Committee cannot fill a citizen position, then the Budget Committee stands at nine, and a quorum is five.
- If there is a position vacant on the governing body, but all five members of the citizen positions are filled, the vacant governing body position is still considered to be on the Committee, so the Committee still stands at ten, and a quorum would be six.
- If there is a vacant position on the governing body and a vacant citizen position, the Committee membership would be considered to be nine, and the quorum would be five.

**Please Note:** Any action of the Budget Committee requires a majority of the Committee as a whole, not just a majority of the Committee members in attendance. So if a quorum is six, and only six are present, then all six must vote unanimously in order to take any action.

**Budget Process and Calendar:** The four steps of budgeting are as follows:

- Propose the Budget – This is performed by the Budget Officer & Staff as guided by policies, operations and service levels, debt obligations, and City Council goals.
- Certify the Taxes, review and revise if necessary, and Approve the Budget – These are duties of the Budget Committee.
- Hold Public Hearing on the Approved Budget, revise if necessary, and Adopt the Budget by Resolution before June 20<sup>th</sup>. These are duties of the City Council & Urban Renewal Board.
- Changes after Adoption if necessary – The City Council reviews and adopts changes if necessary via Budget Amendment Resolutions and/or Supplemental Budget Resolutions.

The Budget Calendar currently in use for the City and Urban Renewal Agency is attached to this report. The first Budget Committee meeting is scheduled for May 4<sup>th</sup>, and will continue on each evening that week until the Committee approves a budget. Please reserve your evenings that week for these important meetings.

**Budget Issue Papers (BIP):** During the budget process, Staff provides these documents discussing specific issues related to the development of the budget. These BIPs provide explanations of policies and how they have been used, unique aspects of the budget, lists of general five year Capital Improvement Plans, and new items that were requested by the Department Managers. Over the years, these have proven to be very helpful to our Budget Committee members in understanding the proposed budget.

**Budget Books:** Please bring your current City and Urban Renewal Budget books with you to the Workshop. If you don't have them, please contact Janet (ext 1114) as soon as possible so she can provide them to you.

**Budget Message:** The proposed budget always contains the required Budget Message from the Budget Officer. The budget message provides information how the proposed budget was developed, what major changes are included and the status of the major funds within the budget.

**Policies:** The fiscal policies used to develop the proposed budget are presented in the Budget Message for the Budget Committee's review. The policies have remained fairly consistent over the past several years and are presented in the Budget Message in your City Adopted Budget Book each year.

**Council Goals:** The 2015 City Council Goals were developed at the City Council Goal Setting Workshop on February 2<sup>th</sup> and will be adopted by the Council soon. A copy of the draft goals is attached to this report.

**Funds:** A fund is a self-balancing set of accounts used to record estimated resources (revenues) and requirements (expenditures) for specific activities and objectives.

- **Governmental Funds** are normally supported by taxes and intergovernmental revenues and include most of the City's basic services.

- The **General Fund (001)** is the City's primary operating fund. It accounts for all financial resources of the City, except those required to be accounted for in another fund. Principal sources of revenue are property taxes, franchise fees, hotel-motel tax, and state shared revenues. The following departments are included in the General Fund:
  - ✓ City Council Dept
  - ✓ City Manager Dept
    - \* Economic Development Dept
  - ✓ Legal Dept
    - \* Judicial Dept
  - ✓ Finance Dept
    - \* Utility Billing Dept
  - ✓ Personnel Dept
  - ✓ Planning Dept
  - ✓ Police Dept
  - ✓ Technology Dept
  - ✓ City Hall
    - \* Transportation Center Dept
  - ✓ Code Enforcement Dept
  - ✓ Animal Control Dept
  - ✓ Other:
    - \* Special Payments
    - \* Interfund Transfers
    - \* Contingency
    - \* Unappropriated Ending Fund Balance
  
- The **Library Fund (004)** accounts for the operation of the City Library. Principal sources of revenues are funds from the County collected Library District taxes, state grants, library fines, and donations.
- The **Street Fund (005)** accounts for the cost of maintaining City streets and storm water drainage systems. Principal sources of revenues are state gasoline taxes apportioned from the State of Oregon, local fuel taxes, charges for services to other funds, and transfers.
  - ✓ **Public Works Reserve Fund (009)** accounts for transfers from the Street, Water and Wastewater Funds to save for vehicle and equipment replacement.
  - ✓ **Transportation Systems Reserve Fund (013)** accounts for transfers from the Street Fund and collection of Transportation System Development Charges revenue to save for major system improvements to the City's transportation system.
- The **Unemployment Reserve Fund (010)** accounts for .5% of wages contributed by each fund with personnel costs to save for future payments of unemployment benefits.
- The **Community Benevolence Fund (011)** provides for the accumulation of funds, mostly from small grants, to pay for expenses related to the memorials to Veterans of the community.

- The *Special Grants Fund (018)* accounts for various grant programs operated by the City. Revenues consist of primarily of grants and interest on investments.
  - The *State Office Building Fund (021)* accounts for operations and maintenance of a City owned building currently rented by the State of Oregon, with revenues coming from rents.
  - The *Special Assessment Fund (036)* accounts for assessment principal and interest collected, and saving for financing of public improvements or services deemed to benefit primarily the properties against which the assessments are levied.
  - The *Capital Projects Fund (037)* accounts for capital projects not supported by grants.
  - The *FFCO 2008 Debt Service Fund (043)* accounts for the repayment of the Full Faith and Credit Bonds related to the relocation of the Public Works facilities and the remodel of City Hall.
  - The 2009 *FFCO Debt Service Fund (044)* accounts for the repayment of the Full Faith and Credit Bonds related to the Urban Renewal loan, water and sewer improvements, and the pending 3<sup>rd</sup> Street LID.
  - The *Urban Renewal Capital Projects Fund (200)* accounts for services and construction costs for the development within the Columbia Gateway Urban Renewal District. Principal sources of revenues are property taxes, grants, and interest on investments.
  - The *Urban Renewal Debt Service Fund (210)* accounts for the repayment of the long-term debt principal and interest of the loan from the City's FFCO 2009 Bonds.
- **Business-type or Enterprise Funds** are normally self-supported by charges for services and include the City's water, wastewater and airport related funds.
- The *Water Funds* account for revenues and expenses related to the City's water utility operations and include the following funds:
    - ✓ *Water Utility Fund (051)* accounts for the operational costs of the Water Treatment Division and the Water Distribution Division services, supported by charges for services.
    - ✓ *Water Capital Reserve Fund (053)* accounts for transfers from the Water Utility Fund and collection of Water System Development Charges to save for future capital improvements to the water systems, and for transfers to water related debt service funds.
    - ✓ *Water Revenue Bond Fund (041)* accounts for repayment of the 2007 Water Revenue Bond.
  - The *Wastewater Funds* account for revenues and expenses related to the City's wastewater utility and stormwater operations.
    - ✓ *Wastewater Fund (055)* accounts for the operational costs of the wastewater collection and treatment systems and services, and stormwater systems, supported by charges for services.
    - ✓ *Sewer Special Reserve Fund (056)* accounts for transfers from the Wastewater Fund and collection of the Sewer and Stormwater System Development Charges to save for future capital improvements to the wastewater and stormwater systems, and for transfers to the 2009 FFCO Debt Service Fund.

- ✓ *Sewer Plant Construction/Debt Service Fund (057)* accounts for transfers from the Wastewater Utility Fund and Wastewater Capital Fund for capital projects and for transfers to the Wastewater Debt Service Fund.
- ✓ *Wastewater Facility Revenue Bond Fund (058)* accounts for repayment of the 2003 Wastewater Revenue Bond.
- The *Airport Funds* account for the activity associated with the operations and capital improvement of the City's municipal airport.
  - ✓ *Airport Fund (061)* accounts for the operation and maintenance of the Airport, supported mainly by hanger rentals and charges for services.
  - ✓ *Airport Debt Service Fund (062)* accounts for repayment of long-term debts incurred by the Airport.

**Budget Book Structure:**

- General Fund (001)
- Library Fund (004)
- Public Works Funds:
  - Street Fund (005)
    - ✓ Public Works Reserve Fund (009)
    - ✓ Transportation Systems Reserve Fund (013)
  - Water Utility Fund (051)
    - ✓ Water Capital Reserve Fund (053)
  - Wastewater Fund (055)
    - ✓ Sewer Special Reserve Fund (056)
    - ✓ Sewer Plant Construction/Debt Service Fund (057)
- Airport Fund (061)
- Capital Improvement Funds:
  - Special Assessment fund (036)
  - Capital Projects Fund (037)
- Special Revenue Funds:
  - Unemployment Reserve Fund (010)
  - Community Benevolence Fund (011)
  - Special Grants Fund (018)
  - State Office Building Fund (021)
- Debt Service Funds
  - Airport Debt Service Fund (062)
  - Water Revenue Bond Fund (041)
  - FFCO 2008 Bond Fund (043)
  - 2009 FFCO Bond Fund (044)
  - Wastewater Facility Revenue Bond Fund (058)

**Adopting Resolution Structure:** The Budget Book includes all line items, which are used by staff to more accurately budget and track revenues and expenditures. However, the budget is adopted by resolution at the “category/object classification” level in all funds except the General Fund. Category levels are:

- Personnel Services
- Materials & Services
- Capital Outlay
- Debt Service
- Special Payments
- Transfers
- Contingency

The General Fund is adopted by “department/organizational unit” level, i.e., City Council Department, City Manager Department, etc.

This provides the City the most discretion regarding expenditures within categories (and departments in the General Fund). Staff uses the line items to budget and track accurately, but can under or over expend individual line items with a category without triggering the need for formal budget amendments.

**City of The Dalles**  
**Budget Process for 2015-2016 Fiscal Year**  
**Budget Schedule as of January 23, 2015**

<u>Activity</u>	<u>Date</u>
Budget Proposal Worksheets to Departments	January 1, 2015
Draft 5-year CIP submitted to City Manager	January 15, 2015
Budget preparation by individual departments	January 1 through February 16, 2015
Budget discussions at City Council Goal Setting	February 02, 2015
Budget Workshop with Committee – Review polices & goals (includes orientation of new members)	February 18, 2015
Departmental budgets due in Finance Department	February 17, 2015
Finance Director prep spreadsheets of Department Budgets	February 17 through March 9, 2015
First draft of balanced City budget to City Manager	March 10, 2015
City Manager review & discussion with Department Managers	March 10 through March 27, 2015
Budget Narratives due in Finance Department	March 30, 2015
City Manager’s Proposed Budget to Finance Director	March 30, 2015
Finance Director/City Manager Finance Review	March 31 through April 10, 2015
Publish First Notice of Budget Committee Meeting (not more than 30 days prior to the meeting – documents available to public same day as planned distribution to Cmte)	April 12, 2015 (Sun – submit by Wed)
Post on website Second Notice of Budget Committee Meeting (same notice as published posted on City Website continually until after Budget Meetings are over )	April 13, 2015 (Monday after Published)
Budget Summary to City Manager (expenses categories)	April 10, 2015
Finance Department prepare Budget Books	April 13 through April 20, 2015
Distribute Budget Draft to Budget Committee	April 21, 2015
Budget Committee meetings	May 4 through May 8, 2015
Final Approved budget to Finance Department	May 8, 2015
Final Budget complete for publishing (LB-1 & UR-1)	May 13, 2015
Publish notice of Budget Hearing & LB Forms (not less than 5 or more than 30 days prior to hearing)	May 17, 2015 (Sun – submit by Wed)
Budget Hearing at regular City Council meeting	June 8, 2015
Budget Adoption at regular City Council meeting	June 8 or June 22, 2015

**CITY COUNCIL WORKPLAN**  
**For next 18 months (2015-16)**

***City of The Dalles MISSION STATEMENT***

*“By working together, we will provide services that enhance the vitality of The Dalles”*

**Value Statements:**

- A.** Provide City-wide infrastructure to support safe and well maintained streets and reliable utility systems for the citizens of The Dalles.
- B.** Work and partner with governmental agencies and non-profits to improve coordination of services and open communication.
- C.** Promote economic development opportunities which will provide jobs and enhance community livability.
- D.** Maintain a balanced budget that will provide for sustained City operations and capital improvements, while assuring an adequate contingency fund.
- E.** Encourage civic responsibility and promote health and public safety through programs, partnerships, plans and policies.
- F.** Provide transparent and efficient administration of City government.

**FY 2015-16 Prioritized Goals by Vision:**

**A. Infrastructure:**

- 1. During the fiscal year 2015-16 budget process implement a 3-year moratorium on Street construction projects and focus resources on prevention maintenance projects (ie: patching, crack sealing, chip sealing).
- 2. Identify and support opportunities for increased federal and state transportation funding available to local governments.
- 3. Provide Council with a report on the status of the Dog River waterline replacement and the Crow Creek Dam increasing capacity proposals, process and timeline to complete; and then implement an approved plan.
- 4. Complete Phase I improvements of the Wastewater Master Plan.
- 5. Complete Watershed post fire rehabilitation project.

6. Consider developing and implementing a plan to improve the travel surface of Thompson Street.
7. Complete Transportation System Plan (TSP) update.
8. Update Bicycle Master Plan in coordination with Transportation System Plan update.
9. Review Water Capital Improvement Plan and rate structure.
10. Pursue state or federal funding for West Sixth Street improvements, including widening of West Sixth Street from Hostetler Street to Snipes Street to allow for turn lane and future signalization at Hostetler.
11. Pursue resolution of stream temperature issues related to Wicks backwash water discharge.
12. Complete easement acquisition and design of Industrial Fire Flow Waterline Loop.

**B. Work with partners:**

1. Identify and pursue opportunities to assist the community in enhancing the K through community college education system and improve school facilities, including Regional Center of Innovation with focus on skilled workforce to meet community needs.
2. Work with Scenic Area stakeholders on process to review community request for expansion of the Urban Growth Boundary.
3. Move toward use of renewable energy technique for all city-owned properties: Begin with Library in fiscal year 2015-16.
4. Review current model for City's involvement in County Library Services District, including building ownership, for implementation in fiscal year 2016-17.
5. Support Library Foundation's fund raising efforts for Library expansion project.
6. Work with Regional Solutions Team and Mid-Columbia Economic Development District to support and promote an attainable housing program.
7. Establish an on-going relationship with the four tribes with area interest at Tribunal Council/City Council level.
8. Support Mid-Columbia Fire and Rescue efforts to improve community ISO rating.
9. Participate in efforts to continue YouthThink programs.

10. Consider implementation of a maintenance and operation plan for the Lewis and Clark Rock Fort site for potential transfer of ownership from County to City.
11. Support Senior Center elevator project.
12. Work with Parks & Recreation District, School District, Health District, Wasco County, Mid-Columbia Medical Center and HEAL Cities Campaign to redevelop Kramer Field as a destination outdoor sports complex, improve pedestrian and bicycle connections to Riverfront Trail, identify new public green space opportunities in the Chenoweth area, and promote sports as a business throughout the community.

**C. Economic Development:**

1. Review and reevaluate the First Street Urban Renewal treatment, and Washington Street Railroad Undercrossing project.
2. Ensure the plan to redevelop the Granada Block meets DDA requirements and proceed with redevelopment and associated parking structure, if needed, after Urban Renewal Board's final acceptance of the redevelopment plan.
3. Adopt and implement infill development standards and policies to encourage new residential development.
4. Develop, in partnership with Main Street, programs and activities to fill empty downtown store fronts and strengthen its economic vitality.
5. During the fiscal year 2015-16 budget process review the City and Chamber's partnership regarding tourism.
6. Complete engineering and architectural design and cost analysis for Civic Auditorium's Theatre renovation.
7. Work with the Chamber and Main Street program to maximize use of the Vertical Housing Zone, and other tools to develop upper levels of downtown buildings, including creation of housing opportunities.
8. Pursue local Bike Hubs as part of the Columbia Gorge Bike Trail.
9. Complete Lewis and Clark Fountain.
10. Pursue funding for Curation of the Community's Historic Assets.
11. Pursue public/private partnerships for redevelopment of the Elk's building.

12. Identify opportunities to support the Port's efforts to develop a Regional Wetland Permit.
13. Proceed with Airport improvement, including the possible golf course development.
14. Work with community partners to develop an RV Park in the community.
15. Complete study regarding Gitchell Building with recommendation regarding whether it should be demolished, stabilized, or rehabilitated.

**D. Balanced Budget:**

1. During the fiscal year 2015-16 budget process revisit policies on how we fund the Street Division, including General Fund support.
2. During fiscal year 2015-16 budget process consider level and type of resources to make available to economic development with emphasis on manufacturing jobs and revitalization of the downtown, and then implement that plan.
3. Analyze financial viability of continuing current municipal court system or moving toward a traffic court style.
4. Develop and implement a plan to get our Workers Comp experience rating factor down to a .9; develop an incentive based employee safety program.
5. Implement of a method to track costs of City Public Works crew construction projects by the beginning of the 2015-16 fiscal year.
6. Prepare a report for the Council on Human Resources and safety program options prior to the fiscal year 2016-17 budget process.
7. Evaluate the potential of acquiring and implementing an integrated software system, and implementing by end of 2016, including a cost accounting program.
8. Review City's current debt load and future plans for additional debt to determine if it is sustainable, including an analysis of whether there is a better approach, and whether the debt load can or should be reduced.

**E. Civic Responsibility and Public Safety:**

1. Revisit burn ordinance.

**F. Transparent Efficient Government:**

1. Modernize our communication tools including website and social media.
2. Publicize projects well in advance (i.e. 3<sup>rd</sup> Street project, Wastewater Phase I design/build).
3. Hold bi-annual town hall meetings to provide information to the public about what we are doing.
4. Develop Council policy regarding support or opposition to political issues.



**Section 3. Annual Budget Policies:**

- A. Budget Preparation:** The City Manager/Budget Officer will prepare and present a balanced, proposed annual operating budget with the participation of all departments and in accordance with Oregon Local Budget Law.
- B. Approval and Adoption of Budget:** The City Council and Budget Committee will adopt and amend the operating budget in accordance with Oregon Local Budget Law.
- C. Support of Council Goals:** The operating budget will support the City Council's goals and long-range plans, as well as the needs of the community.
- D. Enterprise Funds:** The City will budget water, sewer and utilities funds as enterprise funds with no General Fund subsidies and no transfers to the General Fund except as compensation for services received.
- E. Capital Outlay:** Only costs related to projects or purchases that result in Capital Assets will be budgeted as Capital Outlay. See Section 6. A. "Capital Asset Policy" below.
  - 1. Capital Outlay Costs:** Budgets for Capital Outlay projects include all costs for design and engineering, land or right-of-way acquisitions, appraisals, construction and construction management, furnishings, legal and administrative costs, and interest incurred during the construction phase, net of interest earned on the invested proceeds over the same period, for business-type activities only.
- F. Contingency:** Contingency amounts are budgeted to meet emergency conditions that were unknown at the time the budget was prepared, infrequent, and unanticipated. The City Council must authorize the transfer of funds from Contingency to the appropriate expenditure line item within that fund by resolution before those funds can be used.
  - 1. General Fund Contingency:** A Contingency of at least 10% of the operating budget, excluding Special Payments, Interfund Transfers and Unappropriated Ending Balance, may be budgeted each year in the General Fund. One half of that Contingency amount shall be used to respond to significant gaps between revenues and expenditures, and to mitigate negative effects of short-term economic downturns from year to year. The other half shall be kept in order to meet unanticipated increases in costs or unexpected, non-recurring expenditures during each fiscal year.
  - 2. Utility Fund Contingency:** The City will strive to maintain at least a 1% to 5% contingency in each of the utility funds.
- G. Unappropriated Ending Balance:** The City will strive to maintain an Unappropriated Ending Fund Balance equal to four months of net operating expenses in the General Fund and in the Library Fund.
- H. Budget Review System:** The City will employ a budget review system in order to regularly monitor revenues and expenditures with the opportunity for budget adjustment as needed.

## ESTABLISHED BUDGET GUIDELINES AND PROCEDURES FOR THE CITY OF THE DALLES

- Maintain Unappropriated Ending General Fund Balance to equal four months of net operating expenses for the General Operating Fund
- Maintain General Fund Contingency at least at 10%
- Revenue sources not specifically restricted by current City Ordinances and Intergovernmental Agreements or State and Federal regulations goes into the General Fund
- Five year Capital Improvement Plans in General, Street, Library, Airport, Water and Wastewater/Storm Sewer Funds
- Council Goals and Objectives are used in developing the budget either as specific projects or at staffing levels needed to pursue the objectives
- In-house engineering services for construction projects unless specialized engineering is needed
- Water, and Wastewater funds are operated as Utility Enterprise Funds, which means they are self-supporting, but non-profit. The user fees must be sufficient to cover operations and maintenance of the system and to provide funds for Capital system replacement and expansion projects according to the required Master Plan for each enterprise fund.
- Emphasis on maintenance and capital improvements that enhance current assets and Public Works infrastructure
- Transfers to other funds from utility funds are restricted to Administrative transfers used only to pay for services received, Reserve transfers to utility associated Reserve Funds to save for projects involving system replacement or expansion, and Debt transfers to utility associated Debt Funds to make debt payments specific to that utility.
- Public Works capital projects that involve construction contracts are to be budgeted in Public Works Capital and Reserve Funds
- Any Capital Projects (including Public Works projects) funded in part by grants or contributions from other sources other than those associated with the specific utilities are to be budgeted in the Special Grants Fund
- Street Department funded through funds restricted by State law to operation, maintenance, and construction of City streets and fees from underground utilities in the right of way (water, sewer, natural gas)
- Wastewater utility fund includes storm sewer and street sweeping functions
- Water and Wastewater rate increases to implement Master Plan system improvements
- Economic Development Division included in City Manager's office with assistance of Administrative Fellowship program