



Basic Local Budget Law

Approving & Adopting the Budget

2021

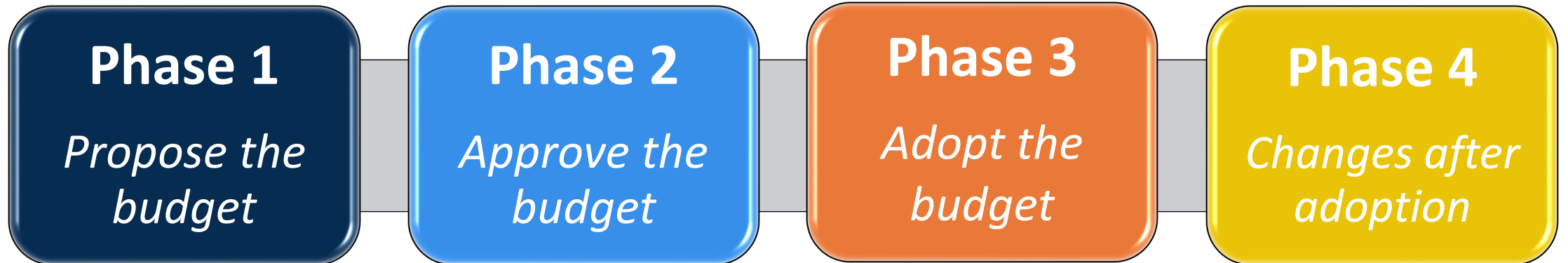
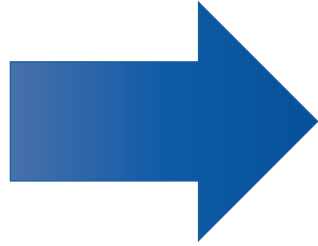
Finance, Taxation & Exemptions



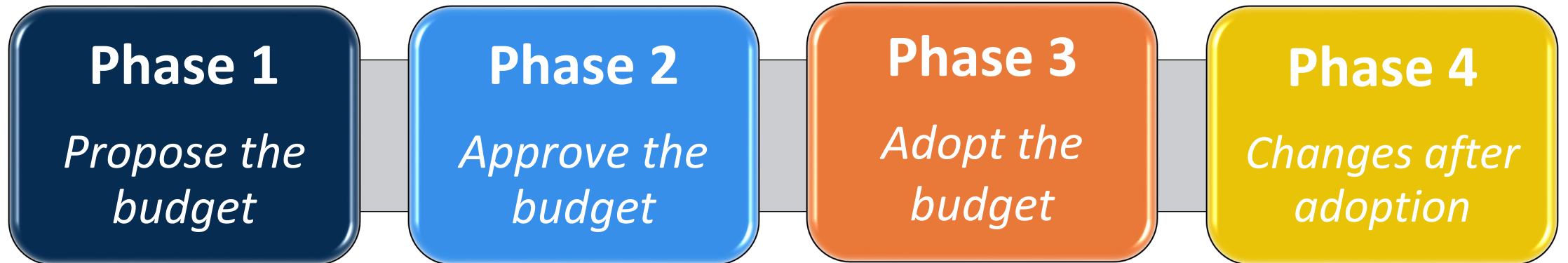
Phase 2

Budget Committee Approves the Budget

The Budget Process



The Budget Process



Who's on the Budget Committee

**The Governing Body
+
an Equal Number of Appointed Electors**

Appointed Members

- “Electors” are registered voters in the district
- Cannot be officers, agents or employees
- Appointed for staggered 3-year terms
- All members have the same authority
- If you can't fill all appointed positions, committee can be fewer

Notice of Budget Committee Meeting

- Publish notice of the first meeting at which the budget and the budget message are presented, and public comments and questions are heard.
- If public comments are not heard at the first meeting, give notice of both meetings
- In Washington County, also submit summary of proposed budget for publication on the county website (contact the Finance Department).

ORS 294.426





Publication Methods

- Printing twice in a newspaper of general circulation:
5 - 30 days before meeting
- Posting notice on your website:
*At least 10 days before meeting, AND
Printing once in a newspaper 5 – 30
days before meeting*
- Mailing by U.S. Postal Service first class:
*To each street address, PO Box and RRN
in district at least 10 days before Meeting*
- Hand delivery
*To each street address in district at least
10 days before meeting*

Public Comment at First Meeting

A	Use this notice if public comment will be taken at this meeting.
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NOTICE OF BUDGET COMMITTEE MEETING

A public meeting of the Budget Committee of the City of East Cupcake, Macaron County, State of Oregon,
(District Name) (County)

to discuss the budget for the fiscal year July 1, 2021 to June 30, 2022, will be held at East Cupcake City Hall,
(Location)

12345 Croissant Lane, East Cupcake. The meeting will take place on May 6, 2021 at 6:00 am
(Address) (Date) (Time) pm

The purpose of the meeting is to receive the budget message and to receive comment from the public on the budget.

This is a public meeting where deliberation of the Budget Committee will take place. Any person may appear at the meeting and discuss the proposed programs with the Budget Committee.

A copy of the budget document may be inspected or obtained on or after May 1, 2021 at 12345 Croissant Lane, East Cupcake
(Date) (Location)

X am am

between the hours of 8:00 AM pm and 4:30 pm
(Time) (Time)

Public Comment at Later Meeting

B Use this notice if public comment will be taken at a later meeting.

NOTICE OF BUDGET COMMITTEE MEETING

A public meeting of the Budget Committee of the City of East Cupcake, Macaron County, State of Oregon,
(District Name) (County)

on the budget for the fiscal year July 1, 2021_ to June 30, 2022_, will be held at East Cupcake City Hall,
(Location)

am

12345 Croissant Lane, East Cupcake. The meeting will take place on May 6, 2021 at 6:00 pm
(Address) (Date) (Time)

The purpose of the meeting is to receive the budget message. This is a public meeting where deliberation of the Budget Committee will take place.

An additional, separate meeting of the Budget Committee will be held to take public comment. Any person may appear at the meeting and discuss the proposed programs with the Budget Committee. The meeting for public comment will be on:

am

Date: May 12, 2021 Time: 6:00 pm Location: 12345 Croissant Lane, East Cupcake

A copy of the budget document may be inspected or obtained on or after May 1, 2021 at 12345 Croissant Lane, East Cupcake
(Date) (Location)

am

am

between the hours of 8:00 AM pm and 4:30 pm
(Time) (Time)



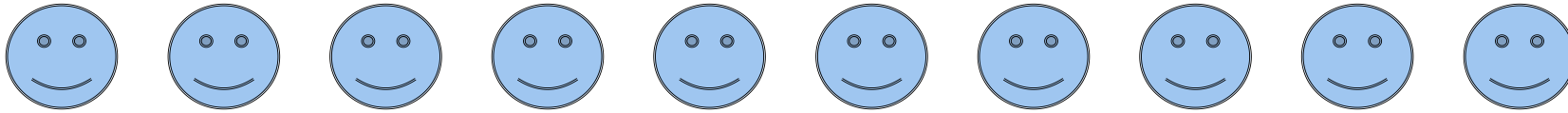
Budget Committee's Meeting Process

- All meetings are subject to Public Meetings Law
- Presiding officer must be elected at first meeting
- Quorum is required to conduct business
- Majority of committee is required to take action
- Committee may request and receive additional information from district officials



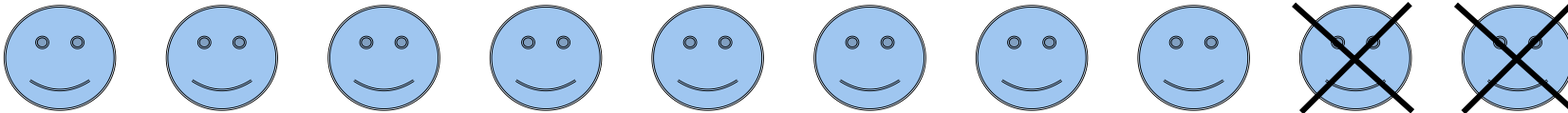
Quorum

Budget Committee of 10



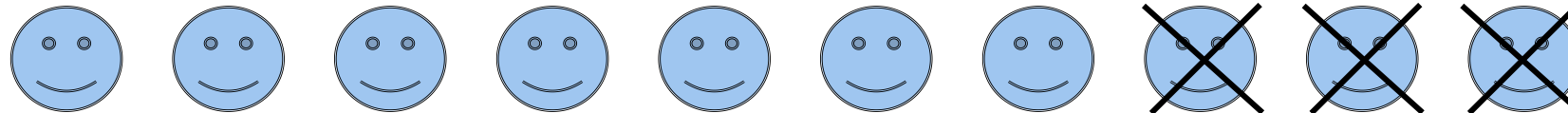
Full Budget committee

Quorum = 6



8 Filled – 2 Vacancies

Quorum = 5



7 Filled – 3 Vacancies

Quorum = 4

Majority

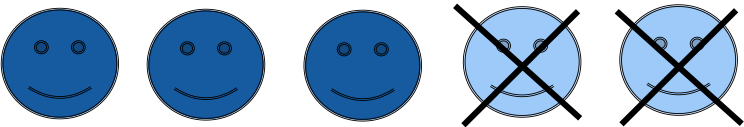
5 Governing Body



5 Electors

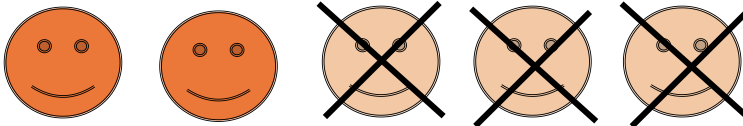


Majority = 6



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

Majority = 6



Elector vacancies are **removed** from total.

Majority = 4

What The Budget Committee Does

1. Receives the budget document
2. Hears the budget message
3. Hears & considers public comment
4. Discusses and revises the budget as needed
5. Approves the budget
6. Approves the property taxes



1: Receives the Budget Document

- Budget is a public document when released to committee
- Available to the public at the same time as the committee
- Public has right to inspect
- Must provide means for public to copy (can also charge for copies)





2:The Budget Message

- Prepared by or under direction of executive officer
- Explains budget document
- Describes financial policies
- Explains any changes since last year
- Must be in writing
- Anyone can deliver it

ORS 294.403



3: Hear Public Comment



- On the date and time in the published notice
- Any person may ask questions about and comment on the budget ORS 294.426(4)(c)
- Can establish time limits and other policies for public comment period
- Add additional meetings if desired



Town of Litchfield, NH – Mosquito Control District



<https://www.youtube.com/watch?v=RTXUIVmJQmQ>

4: Discuss and Revise the Budget

- Discuss and (if a majority feels necessary) revise the proposed budget.
- May reduce or increase the estimate of resources and requirements.
- May approve budget at first meeting or it may take several meetings.

May provide same notice as a regular meeting of governing body for additional meetings following the meeting at which budget message is read and public comment is heard





5: Approve the Budget

Sample Motion to Approve Budget:

“I move that the budget committee of Sample City approve the budget for the 2021-22 fiscal year in the amount of 13,910,076.”

(motion and vote recorded in the minutes)



6: Approve Each Tax levy

Sample Motion to Approve Taxes:

“I move that the budget committee of East Cupcake approve property taxes for the 2021-22 fiscal year at the rate of \$4.4143 per \$1,000 of assessed value for the permanent rate tax levy, in the amount of \$0.1213 for the local option tax levy, and in the amount of \$496,315 for the general obligation bond levy.”

(motion and vote recorded in the minutes)

The Budget Committee is now finished!!!



Budget Committee Question 1



East Cupcake's city council received a resignation notice from one of the appointed budget committee members. The member has only served 2 years and 6 months of his 3-year term.

What should the City Council do?

Budget Committee Question 2

The East Cupcake City Council is supposed to have five members, but one position is vacant. There are supposed to be five appointed members of the budget committee, but the council can only find three people willing to serve.



How many people must be at a budget committee meeting for there to be a quorum?

How many votes are required to pass a motion?

Budget Committee Question 3

The city of East Cupcake published a notice that their first budget committee meeting would be held on March 11th and that they would take public comment at that meeting. On March 11th two of the budget committee members can't make it to the meeting because of the flu. As a result, there isn't a quorum at the meeting.



Can an alternate member fill in for an absent member?

Boundary Changes



- The Cadastral Information Systems Unit (CISU) web page about how to comply with ORS 308.225 when making changes to your boundaries has been updated.
- For assistance in how to comply with the statute, please review the information at:

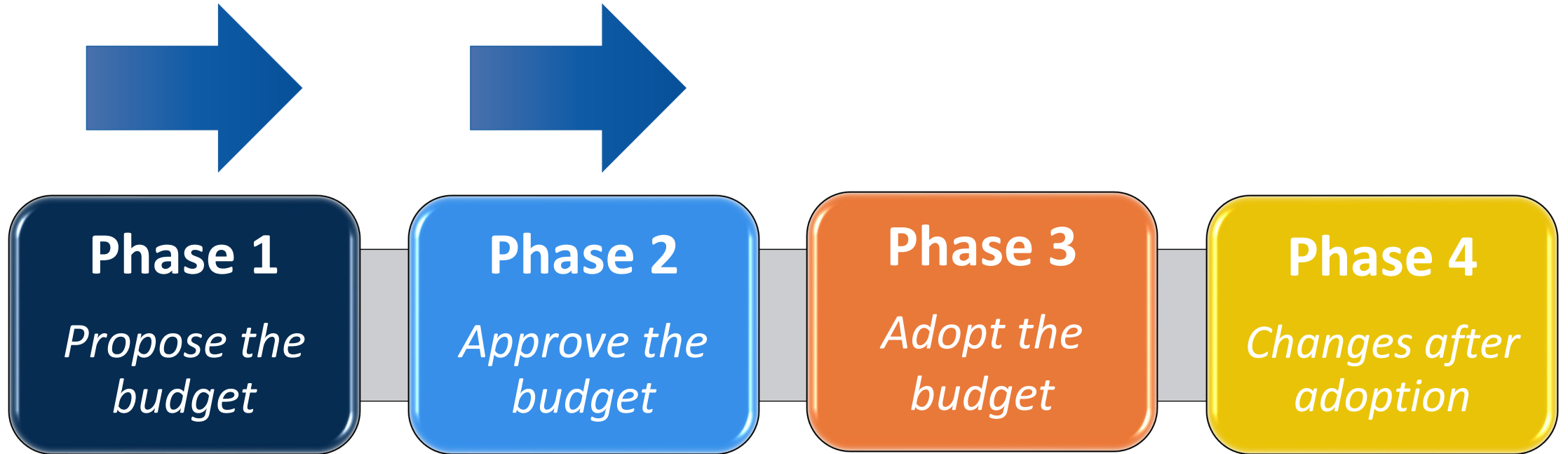
https://www.oregon.gov/DOR/forms/FormsPubs/boundary-change_504-405.pdf



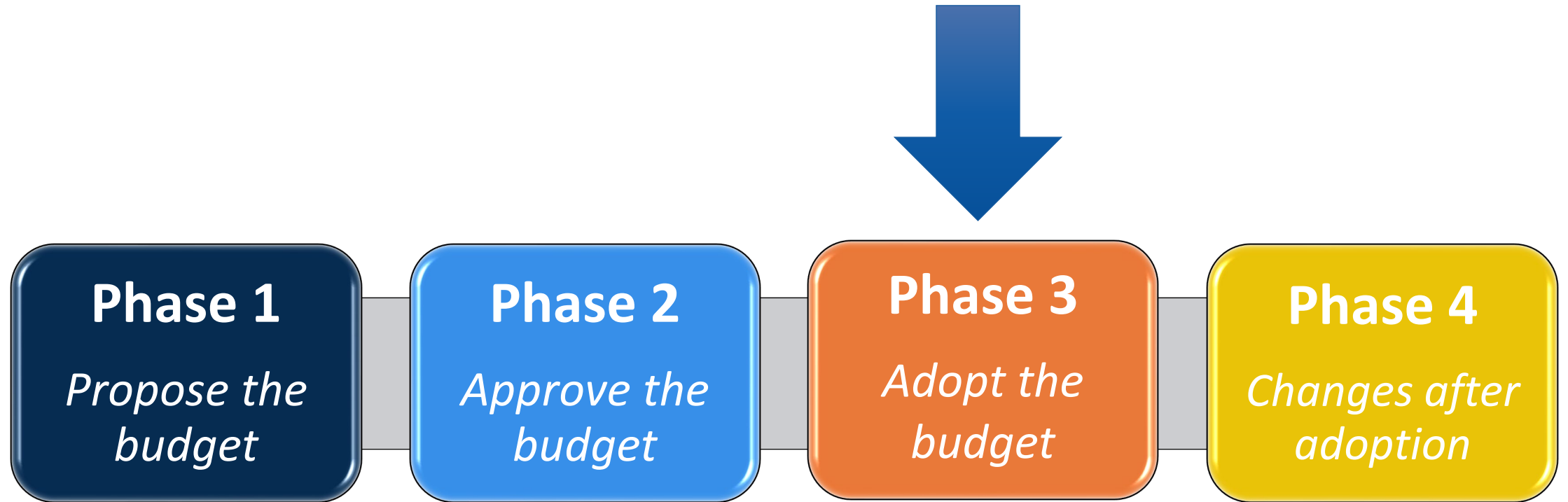
Phase 3

Governing Body Adopts the Budget

The Budget Process



The Budget Process



Publish Budget Hearing Notice & Summary of Budget

- Print once in newspaper 5-30 days before hearing
- Mail or hand deliver to each street address, PO Box and RRN 5-30 days before hearing
 - There is no Internet option for this notice
 - If budget < \$100,000 and no newspaper published in the district, can post in 3 places for at least 20 days prior to hearing

In Multnomah County, submit budget to Tax Supervising Conservation Commission, if subject to its jurisdiction.



LB-1 Form and Review Hearing Notice



Alternative Publication Format

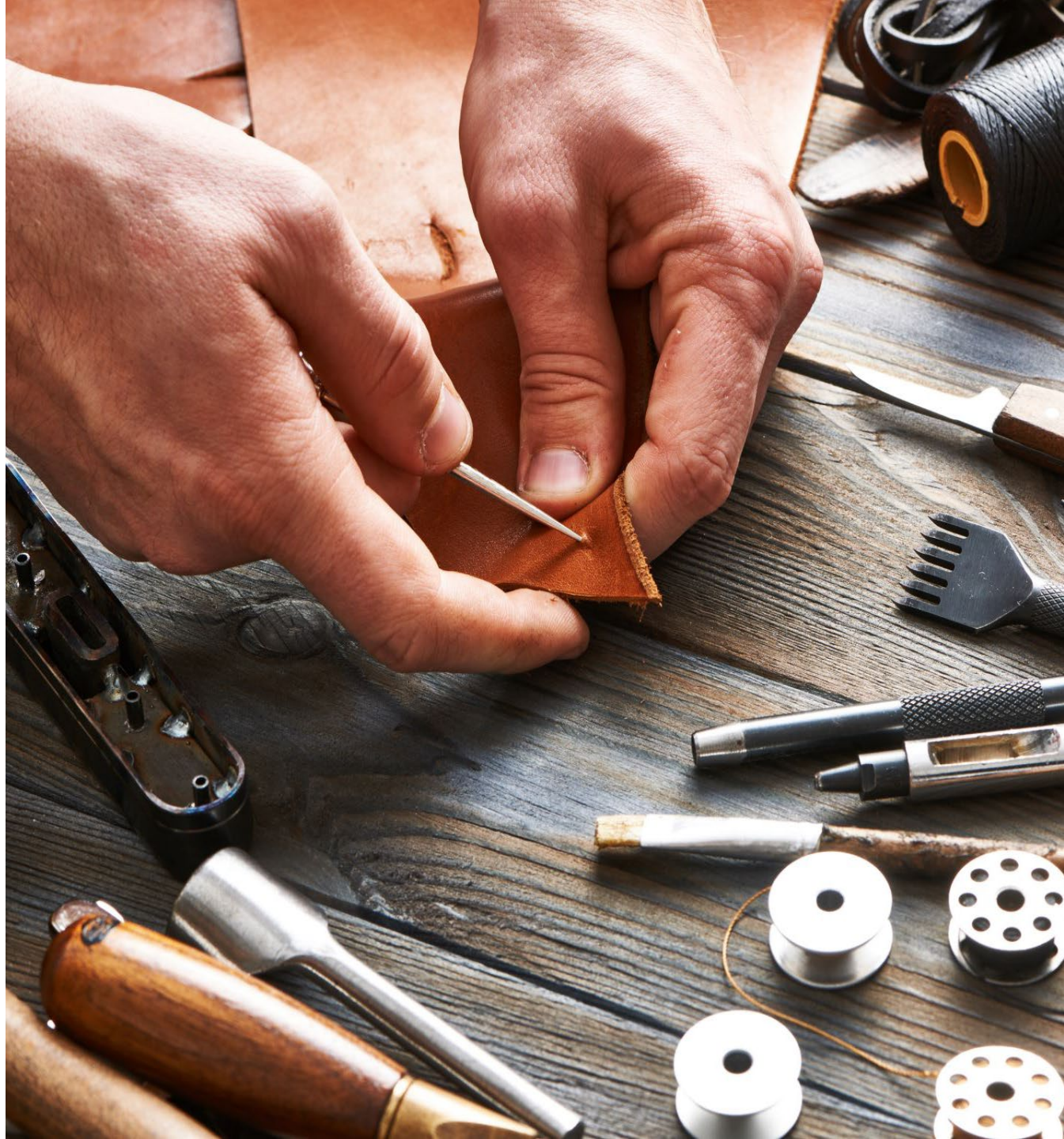
- Optional Narrative Format
- Same information as on LB-1 form
- Same timeline as with LB-1 form
- Can use narrative, charts, pictures, etc.



ORS 294.438

Correcting Publication Errors

- Publication is considered sufficient if the budget officer makes a “good faith” effort.
- If you know your notice will be late, re-schedule the hearing and publish timely.
- If you know your hearing won't be on the date published, publish another notice.





Correcting Publication Errors

- If these errors occur:
 - Typographical error
 - Math error
 - Error in calculating the tax
- Then at first meeting after the error is discovered, the budget officer must:
 - Advise the governing body in writing, and
 - Give testimony correcting the error.

ORS 294.451



Governing Body Holds Budget Hearing



- Hold the hearing on the date published, or reschedule & publish a revised notice
- Hearing is on the budget “as approved” by budget committee
- Any person may comment on the budget



Changes After Budget Hearing

After the hearing, the governing body can change the budget estimates and tax levy approved by the budget committee.

However, if they want to:

- increase tax by any amount -or-
- increase expenditures in any fund by 10% or more (or \$5,000 – whichever is greater)

They must republish the amended budget summary and hold another budget hearing.

Resolutions

After the hearing and **on or before June 30**, the governing body must enact a resolution to:

1. Adopt the budget
2. Make Appropriations
3. Impose each tax levy
4. Categorize each tax by its **Measure 5** category (**Education or General Government**)

1: Resolution Adopting the Budget

- State the fiscal year or biennial budget period
- State the total \$ amount of budget resources
(Be sure to include all resources and all funds)

Sample of Resolution Adopting the Budget:

“BE IT RESOLVED that the Board of Directors of (district name) hereby adopts the budget for fiscal year 2021-2022 in the total amount of \$XXXXX. This budget is now on file at (address).”

2: Resolution Making Appropriations *Based on Organizational Units or Programs*

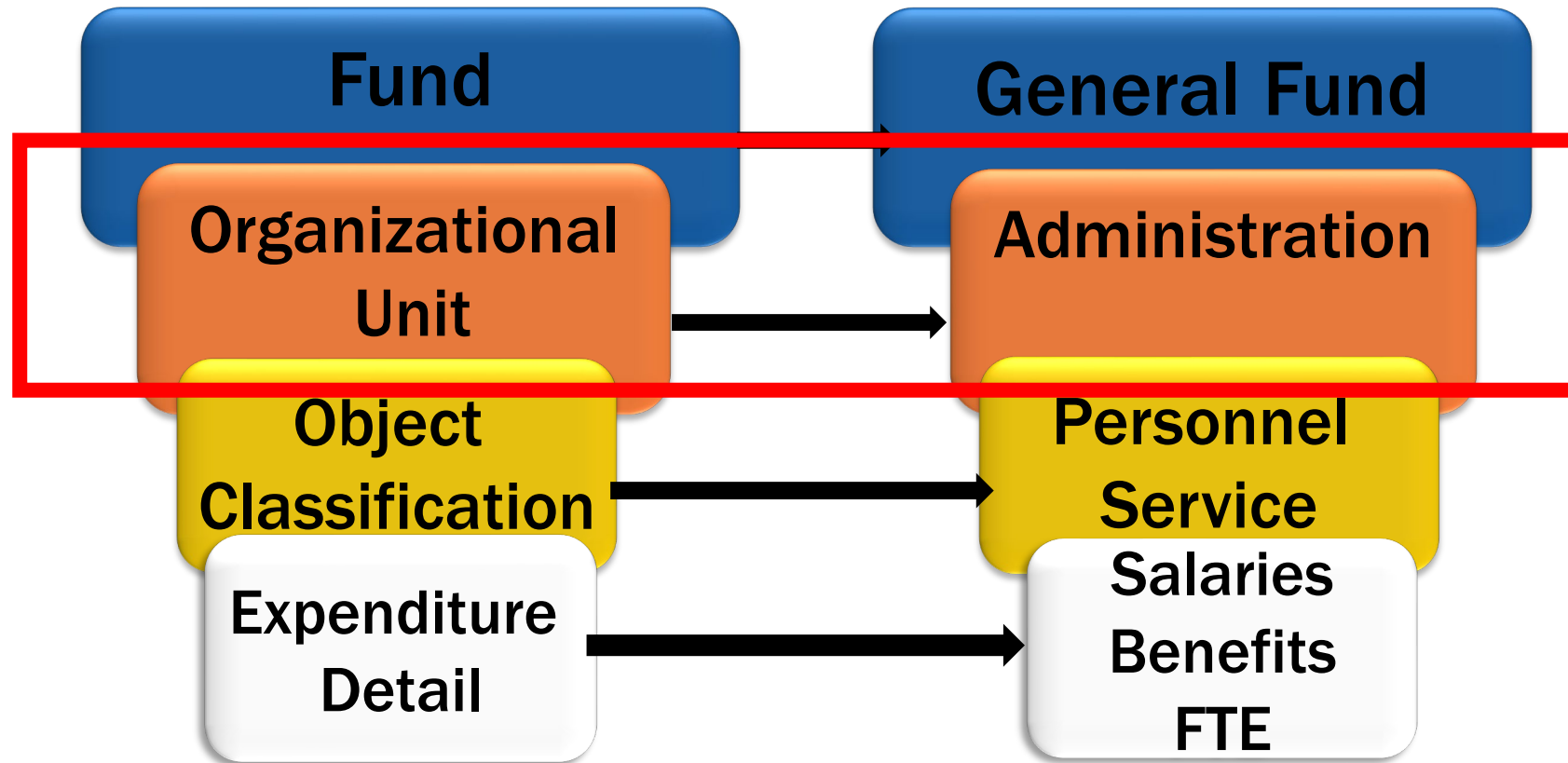
One amount for each Organizational Unit or Program.

Include only Personnel Services, Materials & Services, and Capital Outlay

Separate amounts for any:

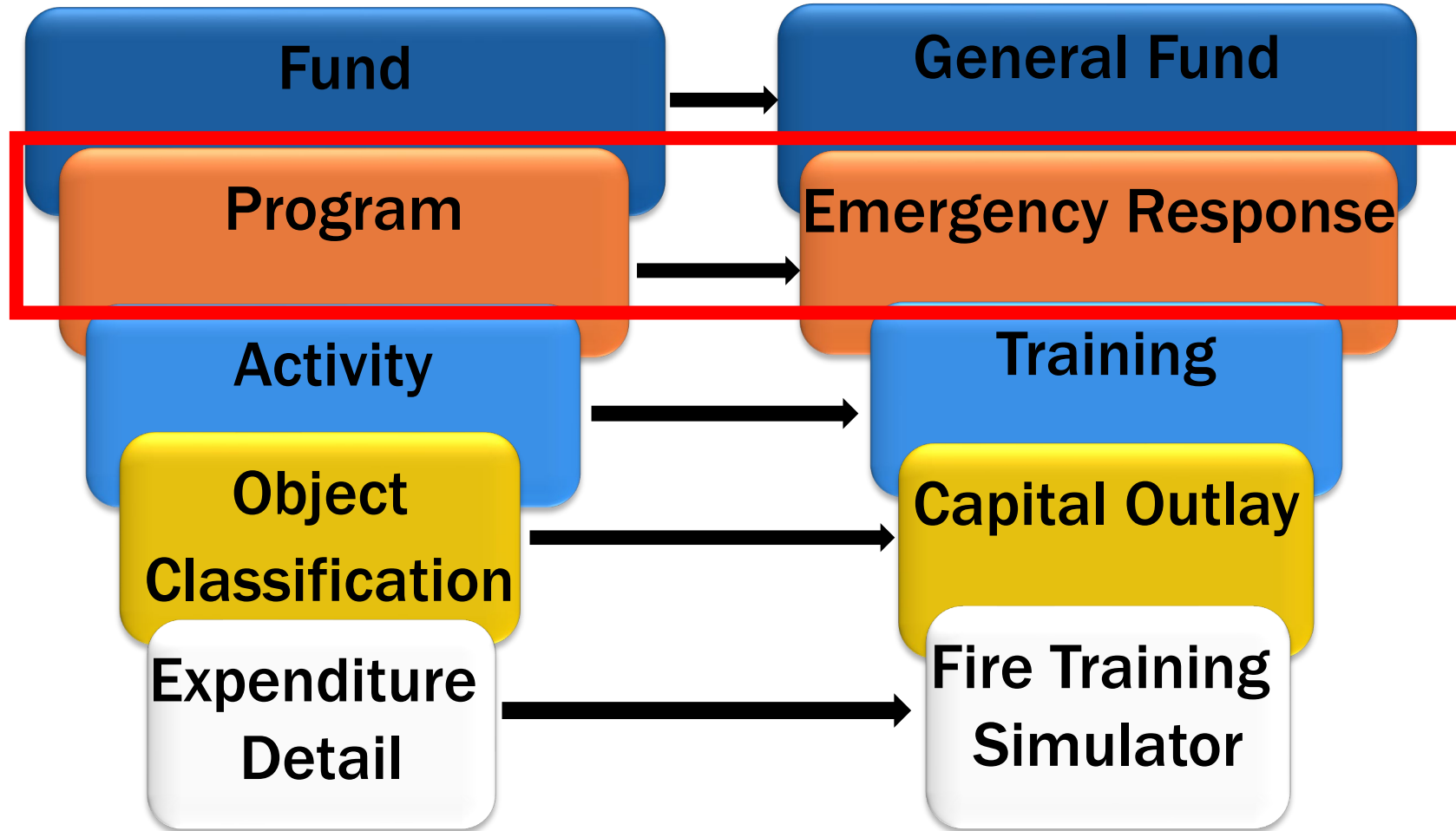
- Personnel Services, Materials & Services, or Capital Outlay not allocated to an organizational unit or program
- Debt Service
- Special Payments
- Transfers
- Operating Contingency

Budget Organization – Organizational Units



Appropriate **one amount** at this level for Personnel Services + Materials and Services + Capital Outlay

Budget Organization – Programs



Appropriate **one amount** at this level for Personnel Services + Materials and Services + Capital Outlay

Statutory Appropriations

Fund

Organizational Unit Or Program #1 ...\$\$\$

Organizational Unit Or Program #2 ...\$\$\$

(Not allocated to Organizational Unit or Program)

Personnel services	\$\$\$
Materials & services	\$\$\$
Capital outlay	\$\$\$
Debt Service	\$\$\$
Special Payments	\$\$\$
Interfund transfers	\$\$\$
Operating contingency	\$\$\$

One amount for each organizational unit that is **the total of:**

- Personnel Services
- + Materials & Services
- + Capital outlay.

Object classifications **not allocated** to an Organizational Unit or Program

Appropriating to Greater Detail

Statutory Minimum Standard

General Fund

Administration \$5000

Greater detail allowed by Admin Rule

General Fund

Administration

Personnel Services	\$2000
Materials & Services	\$2000
Capital Outlay	\$1000

OAR 150-294-0510

Organization of Appropriations

General fund

Admin
Public Safety
Parks & Rec
Library
Municipal Court
Facilities
Personnel Services
Transfers
Contingency

GO Bond Debt Service Fund

Debt Service

Streets Fund

Street Department

Library Special Revenue Fund

Library

Facilities Reserve Fund

Facilities

Appropriations Example

General Fund

Administration	\$557,540
Public Safety	4,575,600
Parks and Rec	304,500
Library	424,650
Municipal Court	178,000
Facilities	334,000
Personnel Services	150,000
Transfers	170,000
Contingency	<u>75,000</u>
Total	\$7,187,890

Schools Appropriate by ODE Function

For each fund:

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

Community Colleges Appropriate:

- by Higher Education Coordinating Commission (HECC) Function;
- by ODE Function; or
- by Organizational Unit



Appropriations

Appropriated	<ul style="list-style-type: none">• Personnel Services• Materials & Services• Capital Outlay• Debt Service• Special Payments• Transfers Out• Contingency
Never Appropriated	<ul style="list-style-type: none">• Reserved for Future Expenditure• Unappropriated Ending Fund Balance (UEFB)

Common Appropriation Errors

- ✗ No organizational units or programs or only in general fund
- ✗ “Non-departmental” identified as a “department”
- ✗ Contingency appropriated in a non-operating fund
- ✗ Reserves for Future Expenditure and Unappropriated Ending Balances appear to be appropriated



Appropriation Question 1

What's wrong with these appropriations?

General Fund	
Administration	385,812
Police	557,907
Municipal Court	10,000
Not allocated to Organization Unit or Program:	
Materials & Services	147,310
Transfer Out (Debt Service)	75,000
Contingency	2,473
Total	\$1,178,502

Street Fund	
Streets	235,960
Debt Service	0
Transfers Out	12,022
Contingency	23,515
Total	\$271,497

Sewer Fund	
Sewer	488,336
Debt Service	0
Transfers Out	25,547
Contingency	34,452
Total	\$548,335

Water Fund	
Water Fund	530,300
Debt Service	0
Transfers Out	39,072
Contingency	43,088
Total	\$612,460

Timber Infrastructure & Improvement Fund	
TIIF	320,553
Transfers Out	131,011
Contingency	1,500,000
Total	\$1,951,564

Scout Lake Fund	
Scout Lake	38,500
Total	\$38,500

Enterprise Zone Fund	
Transfers Out	179,000
Contingency	65,095
Total	\$244,095

Infrastructure Maintenance & Improvement Fund	
Transfers Out	80,000
Contingency	88,675
Total	\$168,675

Sewer System Development	
Contingency	7,215
Total	\$7,215

Water System Development	
Contingency	44,880
Total	\$44,880

Appropriation Question 2

MAKING APPROPRIATIONS

BE IT FURTHER RESOLVED that the following appropriations totaling \$2,187,681 are made to the following funds:

How about these?

GENERAL FUND		Water Enterprise	
Administration	\$ 123,295	Personnel Services	\$ 203,260
Court	\$ 63,905	Material and Services	\$ 101,575
Planning	\$ 29,195	Capital Outlay	\$ 61,000
Non-Departmental		Debt Service	\$ 61,759
Material and Services	137,410	Transfers	\$ 10,000
Capital Outlay	2,300	Contingency	\$ 24,581
Debt Services	\$ 16,144	Total	\$ 462,175
Transfers	\$ 146,244		
Contingency	\$ 22,313	Sewer Enterprise	
TOTAL GENERAL FUND	\$ 540,806	Personnel Services	\$ 201,241
		Material and Services	\$ 78,931
		Capital Outlay	\$ 139,000
		Debt Service	\$ 182,168
		Transfers	\$ 1,000
		Contingency	\$ 15,231
		Total	\$ 617,571
Parks			
Personnel Services	\$ 35,235	Streets	
Material and Services	\$ 59,499	Personnel Services	\$ 85,582
Capital Outlay	\$ -	Material and Services	\$ 18,910
Contingency	\$ 4,897	Capital Outlay	\$ 34,000
Total	\$ 99,631	Contingency	\$ 2,500
		Total	\$ 140,992
Public Safety			
Personnel Services	\$ 204,025	Streets Capital Improvement	
Material and Services	\$ 37,336	Capital Outlay	\$ -
Contingency	\$ 2,001	Contingency	\$ -
Total	\$ 243,362	Total	\$ -
Equipment Replacement			
Capital Outlay	\$ 19,078		
Contingency	\$ -		
Total	\$ 19,078		

3: Resolution Imposing the Tax

- Impose each tax levy separately.
- Impose permanent rate per \$1,000 or a dollar amount (not both).
- Impose local option levy as approved by voters.
- Impose bond levy as a dollar amount.

Cannot exceed rate/amount approved by Budget Committee unless you republish budget summary and hold another hearing

4: Resolution Categorizing the Tax

Type of Tax	Subject to General Gov't Limit	Excluded from Limitation
Permanent rate limit	\$4.4143/\$1,000	
Local option levy	\$0.1213/\$1,000	
G.O. Bond levy		\$496,315

Categorize each tax (permanent rate limit, local option, G.O. bond levy) by its [Measure 5](#) category:

- Subject to “General Government” limit
- Subject to “Education” limit
- “Excluded from constitutional limits”

Common Categorizing Tax Errors



Subject to General Government Limitation

General Fund

\$4.01/\$1,000

The resolution categorizing the tax should be done by [tax levy](#), not by fund.

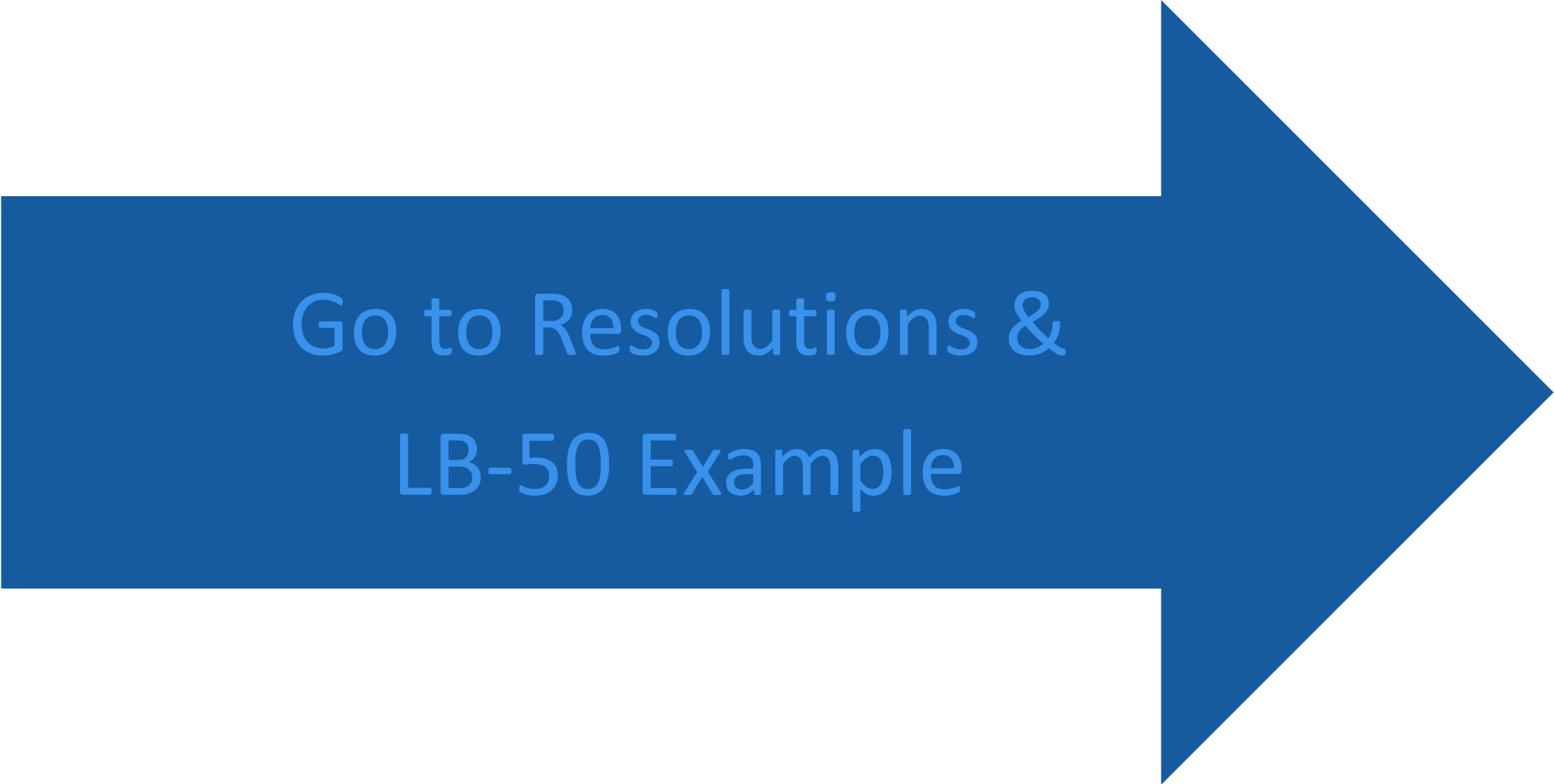


Subject to General Government Limitation

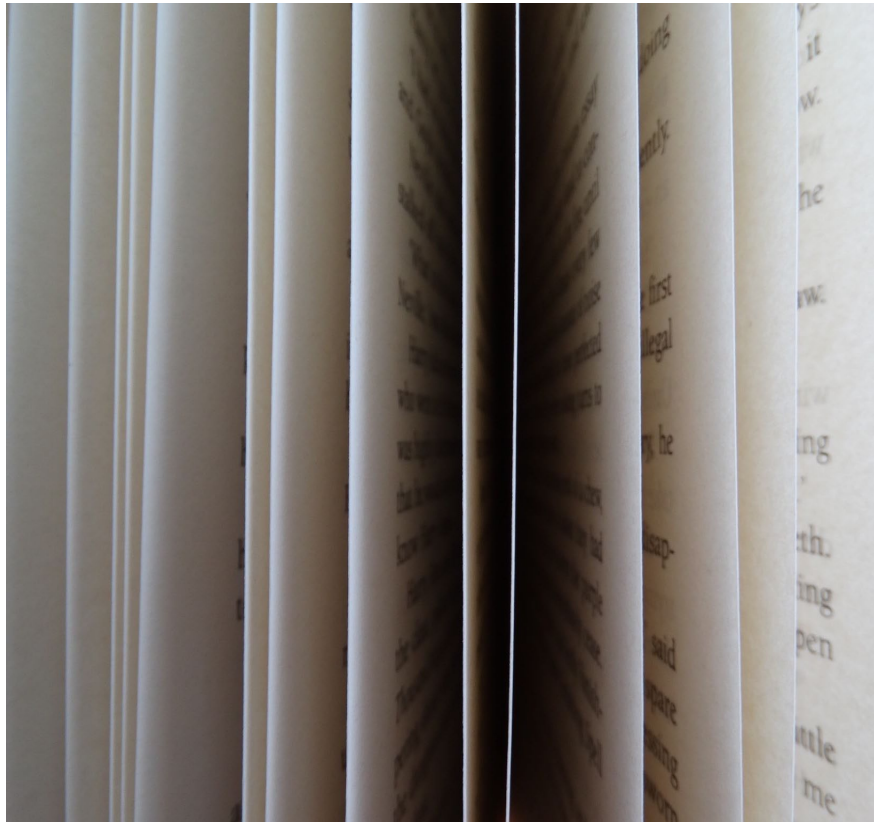
Permanent Rate Tax

\$4.01/\$1,000

294.456(1)(a)



Go to Resolutions &
LB-50 Example



Documents Taxing Districts Submit

By July 15, send the Assessor :

- 2 copies of the tax certification form,
- 2 copies of the resolutions,
- 2 copies of ballot measure for any new tax.



Documents Taxing Districts Submit

By Sept 30, send the County Clerk :

Copy of complete budget document, including:

- Budget Message
- Budget detail sheets,
- Meeting notices or affidavits of publication,
- Resolutions adopting, appropriating, imposing, etc.,
- Tax certification
- Sample ballot for any new tax





Documents Non-taxing Districts Submit

By **July 15**, send to Dept. of Revenue **one** copy of the resolutions.

Keep on file a copy of complete budget document, including:

- Budget Message
- Budget detail sheets,
- Meeting notices or affidavits of publication,
- Resolutions adopting, appropriating, imposing, etc.

Additional Requirements for Schools, ESD's & Community Colleges

School Districts & ESD's:

- Hard copy of budget to Dept of Education by July 15th
- Electronic copy to Dept of Education financial data collection by August 15th

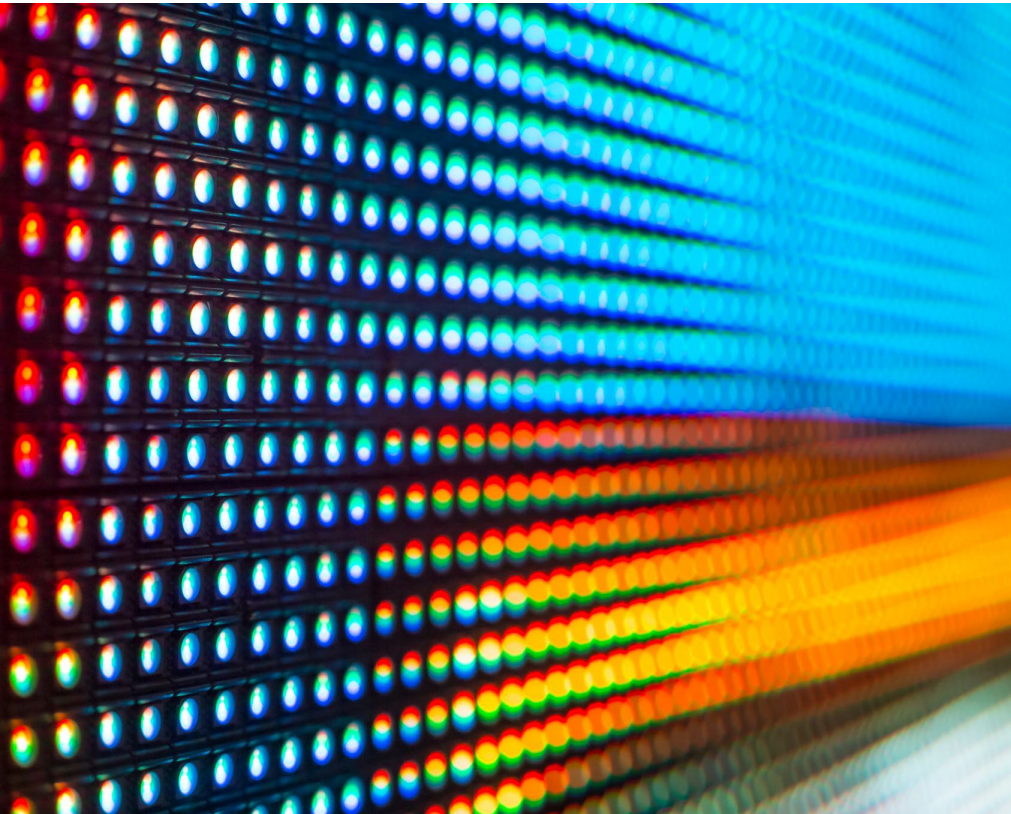
Community Colleges:

- Copy of budget to Department of Higher Education Coordinating Commission (HECC) by July 15



Property Tax Resources

- Oregon Revised Statutes (ORS 294.305-294.565)
- Oregon Administrative Rules (OAR 150-294-0300 to 150-294-0550)
- Local Budget Law Manuals and Publications
 - Property Tax Research Reports
 - Tax Expenditure Report
- Property Tax Statistics Report
- Online Videos
- DOR Local Budget Law Training Videos
 - YouTube Deschutes Property Tax Fairy
 - Property Taxes: The Tax Fairy explains, what's in it for me?
 - Why Property Values Fluctuate?



Questions?

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Jean Jitan	(971) 600-4097	jean.jitan@oregon.gov
Arlen Stewart	(971) 209-9970	arlen.r.stewart@oregon.gov



FT&E Message Phone # (503) 945-8293

Email finance.taxation@oregon.gov

Local Budget Forms and Manuals on Internet:

<http://www.oregon.gov/DOR/programs/property/Pages/local-budget.aspx>

Subscribe to our email list for email notices of future training workshops and news on any changes to Local Budget Law. Sign up through this link:

<http://listsmart.osl.state.or.us/mailman/listinfo/localbudget>