

Budget Process

A budget, as defined by Oregon Revised Statutes (ORS), is a financial plan containing estimates of revenues and expenditures for a given period or purpose. Oregon's local budget law (ORS 294) establishes standard procedures, outlines programs and services, provides for estimation of revenues, expenditures and proposed taxes, provides methods for obtaining public views in the preparation of fiscal policy, provides for the control of revenues and expenditures of public funds, and enables the public to be apprised of the financial policies and administration of the municipal corporation.

The city's budget is organized and operates on the basis of funds. Fund accounting segregates resources (revenues) and requirements (expenditures) according to their intended purpose and is used to demonstrate compliance with finance related legal and contractual provisions. ORS 294 requires a budget which is balanced, that is, the resources equal the requirements in every fund. The proposed resources and requirements are estimated in good faith.

Notice of the first meeting of the budget committee, held for the purpose of receiving the budget message and budget document and hearing questions and comments from the public, is published twice, five to 30 days before the committee meeting, in a newspaper of general circulation.

The Budget Committee is the fiscal advisory board of a local government and consists of the governing body (City Council) plus an equal number of legal resident voters (citizen members) appointed by the Council. The votes of all Budget Committee members are equal. The Budget Committee reviews the proposed budget rendered by the Budget Officer and listens to comments and questions from interested citizens. The Committee may approve the proposed budget intact, or change all or part of it prior to final approval. The fiscal powers of the Budget Committee are to specify the amount of tax revenue or tax rate for each fund, to establish maximum total expenditures for each fund, to approve the total taxes for the local government as an amount and/or rate, and to approve the budget and forward it on to the Council for adoption.

A financial summary of the budget approved by the budget committee and a notice of the budget hearing is published once, not less than five days or more than 30 days before the budget hearing. The summary contains information on the approved budget, the current year's budget, and the preceding year's actual resources and expenditures.

After the public hearing and consideration given to matters discussed at the public hearing, the governing body shall enact the resolutions to adopt the budget, to make appropriations, and to declare the ad valorem property tax amount or rate to be certified to the assessor. If changes are made after the hearing, estimated expenditures of any fund cannot increase by more than \$5,000 or 10 percent, whichever is greater, of the amounts approved by the budget committee. The amount or rate of the total ad valorem property taxes certified may not exceed the amount approved by the budget committee.

On or before July 15 each municipal corporation shall file with the county assessor two copies of a statement confirming the ad valorem property taxes approved by the budget committee.

Total expenditures cannot exceed the final appropriation once the budget is adopted. It is unlawful to expend any money in excess or for any other purpose than provided by law (ORS 294.100). However, the budget may be amended during the fiscal year. The supplemental budget process provides a notice published for the public and the governing body holds a public hearing before making appropriations, if fund expenditures increase by ten percent or more. When certain exceptions to the supplemental budget process are met, the governing body may adopt an amending budget resolution, for example, a transfer of appropriations within a fund.

