



CITIZEN'S BUDGET COMMITTEE

TRAINING & REFERENCE GUIDE

2023 - 2025

Table of Contents

FORMAL BUDGET COMMITTEE MEETING SCHEUDLE	2
GOVERNMENTAL BUDGETING	4
BUDGET IN BRIEF	7
ROBERTS RULES OF ORDER.....	10
LEGAL FRAMEWORK	12
DEFINITIONS.....	22
ONLINE RESOURCES.....	29

INTRODUCTION

Welcome to the City of Ashland Citizens' Budget Committee!

The Citizens' Budget Committee (CBC) is a critical Committee with a lot of responsibility. The City of Ashland values this important step in the biennium (BN) budget adoption process. For reference, the Local Budget Law can be found in Oregon Revised Statutes (ORS) 294.305 through 294.565. The text for these statutes can be found at www.leg.state.us.or. This packet identifies these statutes and how they impact the operation of the CBC.

The CBC is a partner in the long-term financial sustainability of the City's financial position. This packet includes a summary of key information to help create a successful budgeting process. The information and process can be confusing at times and it is the desire that any uncertainties be communicated with the Budget Officer for clarification.

FORMAL BUDGET COMMITTEE MEETING SCHEUDLE

Meeting 1	March 8, 2023	Training/Kick-off Meeting
Meeting 2	April 27, 2023	Proposed Budget Enterprise Funds
Meeting 3	May 4, 2023	Presentations of Administration and Finance
Meeting 4	May 11, 2023	Presentations of Innovation & Technology and Public Safety
Meeting 5	May 18, 2023	Presentations of Parks & Recreations, Community Development, and Public works
Meeting 6	May 25, 2023	Deliberations/Approval



Budget Calendar

PREPARE

JANUARY/FEBRUARY

- Mayor and City Council to set goals and priorities for the upcoming budget cycle
- Hold department meetings
- Preliminary budget requests submitted to Finance Department
- Appoint electors to the budget committee if needed

FEBRUARY/MARCH

- Budget requests compiled and reviewed with City Manager and departments
- Budgetary constraints/requirements identified/refined
- Personnel services projections completed

APRIL

- Final preparation and departmental review of draft budgets
- Final review of current year projected revenue and expenditures
- Finance performs final review, reconciliations and prepares proposed budget
- Publish notice of meetings

PROPOSE

APRIL/MAY

- City Manager present budget message and the budget at first meeting
- Budget committee discusses, receives public comment, deliberates and approves the budget to City Council
- Budget is updated to reflect budget committee changes
- Discuss the Capital Improvement Plan (CIP)
- Financial Summary and Notice of Hearing are prepared and published
- Budget committee meetings - April 27, May 4, 11, 18 & 25

APPROVE

ADOPT

JUNE

- City Council passes resolution for state revenue sharing eligibility and proposed uses
- City Council holds budget hearing the adopts the budget resolutions, makes appropriations, and declares tax rate and bond levies
- City Council Adopts CIP

IMPLEMENT

JULY

- Adopted budget goes into effect July 1
- Budget and property tax certification submitted to County by July 15

MODIFY

AUGUST thru remainder of biennium

- Monitor and analyze budget versus actual with each department
- Adjust appropriations as appropriate
- Transfer appropriations when necessary

GOVERNMENTAL BUDGETING

What is a Budget?

- The budget provides a financial plan for the Biennium
- The budget is a policy document indicating the priorities of the City
- The budget is a legal document making lawful appropriations giving the City the authority to spend public money
- The budget is a public communication tool
- The budget is an internal control document ensuring compliance by an annual outside audit

City Staff Work Calendar

The Budget is not completed during the budget committee process. The Budget is built for several months before presented for deliberations and ultimately adoption.

Fund Accounting

The City uses fund accounting to report on its financial position and the results of its operations. All governmental type funds (such as the General Fund and the Capital Improvements Fund) use the modified accrual basis of accounting. This means revenues are recognized only when they become measurable and available, and expenditures are recognized when the fund liability is incurred (when the money is committed to be spent). Proprietary type funds (Sewer, Water, Electric, Etc.) use the full accrual basis of accounting. In this case, expenditures are recognized when the fund liability is incurred, but revenues are recognized when they are obligated to the City (which can be before they are actually received).

A formal encumbrance system is utilized that commits funds for later payment and ensures that appropriations cannot be overspent. Recategorizing money to an encumbrance occurs when a commitment to purchase is made. Encumbrance money may not be spent. Goods and services not received by the fiscal year end result the encumbrance lapsing and rolling over into the next fiscal year.

An established internal control structure is used to protect assets from loss, theft or misuse, and to ensure that compliance is maintained with accepted accounting principles. Budgetary control is maintained through quarterly budget review approved by the City Council.

Fund	Major Revenue	Major Expenditures
General Fund	<ul style="list-style-type: none"> • Property Tax • Transient Occupancy Tax • Franchise Fees • Charges for Services 	<ul style="list-style-type: none"> • Police • Fire • Community Development • Cultural, Economic and Social • Service Grants
CDBG	<ul style="list-style-type: none"> • Grant Funds 	<ul style="list-style-type: none"> • Community Development Block
Reserve Fund	<ul style="list-style-type: none"> • Other Funds Transfer 	<ul style="list-style-type: none"> • Money can be used for specific future needs
Street Fund	<ul style="list-style-type: none"> • Charges for Services • Franchise Fees • Food and Beverage Tax • Grants 	<ul style="list-style-type: none"> • Streets and Transportation needs
Airport Fund	<ul style="list-style-type: none"> • Grants • Rent 	<ul style="list-style-type: none"> • Airport
Capital Improvement Fund	<ul style="list-style-type: none"> • Food and Beverage Tax (Parks) • System Development Charges • Charges for Services 	<ul style="list-style-type: none"> • Capital Projects
Debt Service Fund	<ul style="list-style-type: none"> • Property Tax for GO Bonds • Charges for Services • Other Funds/Department 	<ul style="list-style-type: none"> • Debt Payments
Water Fund	<ul style="list-style-type: none"> • Charges for Services • System Development 	<ul style="list-style-type: none"> • Water Treatment and Delivery
Wastewater	<ul style="list-style-type: none"> • Food and Beverage Tax • Charges for Services • System Development Charges 	<ul style="list-style-type: none"> • Sewer Treatment
Stormwater	<ul style="list-style-type: none"> • Utility Fee 	<ul style="list-style-type: none"> • Stormwater System

Fund	Major Revenue	Major Expenditures
Electric Fund	<ul style="list-style-type: none"> • Charges for Services 	<ul style="list-style-type: none"> • Electric Service for the Community
Central Services	<ul style="list-style-type: none"> • Charges to other Departments 	<ul style="list-style-type: none"> • City Administrator Office • Finance • Human Resources • Information Technology • City Recorder
Insurance Fund	<ul style="list-style-type: none"> • Other • Funds/Department Transfers 	<ul style="list-style-type: none"> • Insurance Program
Health Benefit Fund	<ul style="list-style-type: none"> • Premiums 	<ul style="list-style-type: none"> • Self-Funded Health Benefit Fund
Equipment Fund	<ul style="list-style-type: none"> • Other • Funds/Department • Transfer 	<ul style="list-style-type: none"> • Savings for the Replacement of Large Equipment
Cemetery Trust	<ul style="list-style-type: none"> • Charges for Service 	<ul style="list-style-type: none"> • Cemetery
Parks General Fund	<ul style="list-style-type: none"> • Charges for Services (General Fund Property Tax) • Charges for Services 	<ul style="list-style-type: none"> • Parks

BUDGET IN BRIEF

The City of Ashland strives to deliver services essential to the community and that enhance quality of life. This document provides information to the Ashland community about where the money to finance the city comes from and how that money is spent.

Ashland revenue is primarily collected from fees paid for services.

What do I get for my money?

Below are major revenue sources that citizens and visitors often ask about.

Property Tax generates approximately \$24 million for the City. It is used to pay for expenses found in the General Fund such as police and fire, for some of the City's principal and interest on debt and for expenses in providing parks and recreation. Voter approved levies have been used in the past for youth activities. Property owners within the Ashland city limits pay \$4.2865 per \$1,000 of assessed value for the City's share of the total property tax assessed.

Transient Occupancy Tax (TOT) also referred to as the hotel/motel tax, generates approximately \$3 million and is used for three purposes: Economic and Cultural Development, tourism promotion and the remainder for general expenses in the General Fund such as police and fire. The Hotel/Motel rate in Ashland is currently ten percent (10%). The hotel/motel keeps five percent (5%) of the money collected as payment for processing.

Prepared Food and Beverage Tax (F&B) also referred to as the meals tax generates approximately \$4.2 million of the revenue. The tax is restricted for specific purposes and must be reconsidered by the voters by December 2030. The current ordinance specifies that the tax proceeds pay the Wastewater Treatment Plant Debt and intends that after 2022-2023, the remainder be split between Streets and Parks Open Space Acquisition and Parks Maintenance with a small percentage being used for administration of the program. It is on the May 16, 2023 special election ballot that APRC receives the full amount of F&B receipts (twenty-five percent (25%) for capital expenses, seventy-three percent (73%) for parks, open spaces recreation, and senior services), less

the two percent (2%) administration fee. The ballot measure also extends the expiration date to December 31, 2040. The tax rate is five percent (5%) on most meals and non-alcohol beverages served or catered.

Electric Utility Users Tax is used to pay for expenses associated with the General Fund, such as police, fire, planning, building, and cemetery programs. The tax generates nearly seventeen percent (17%) of the General Fund's revenues. Utility bills include this tax which is approximately twenty-five percent (25%) of the total electric charges on the bill.

Charges for Services pay for the water, wastewater, electric, and high-speed data services provided to residential, commercial and governmental properties. In general, the revenue generated is based on the base cost to provide the service and normally includes a charge that represents level of service used.

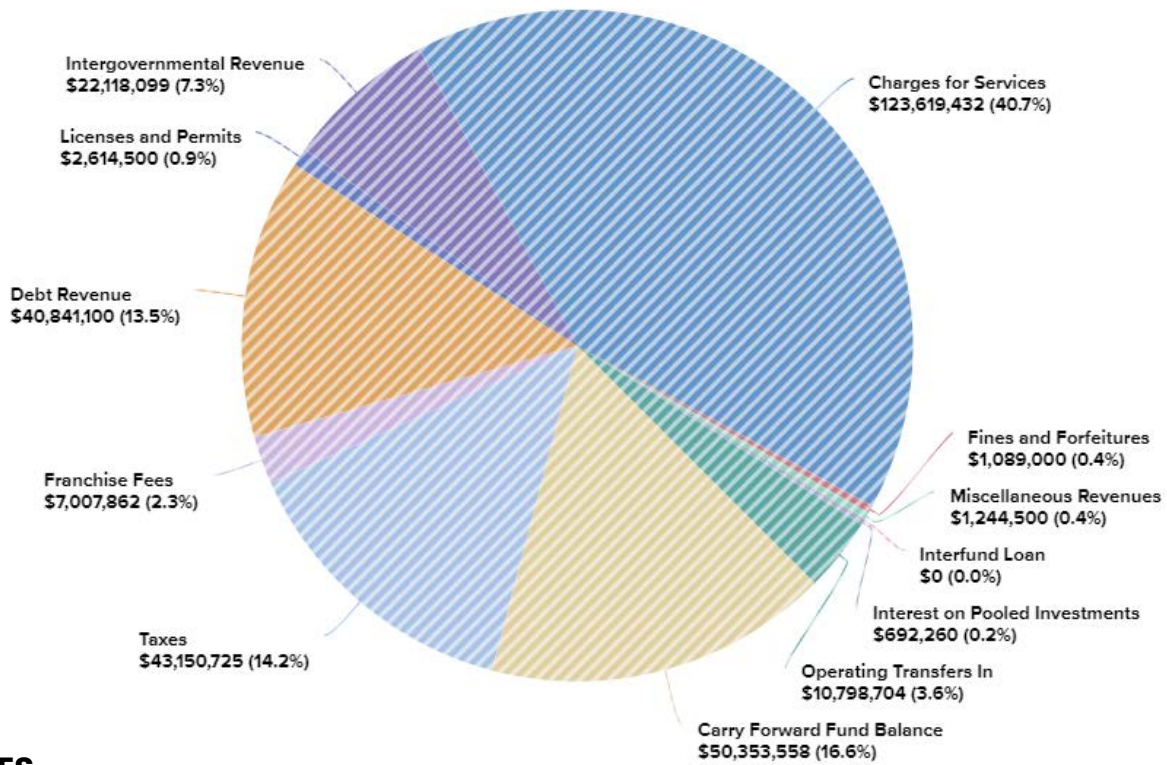
Utility Fees are used to pay for operational and construction needs for transportation (streets, sidewalks, bicycle lanes, handicap access, etc.) and for storm drains (line maintenance, open ditches, sediment pond cleaning, etc.).

Miscellaneous Licenses, Permits and other Fees and Charges (excluding interest earnings, transfers & internal payments) are used to pay for the cost of non-utility services provided such as ambulance transport, building inspections, recreation, construction services, parking, cemetery services, etc., across funds.

Note: All rates and amounts shown are current and subject to change during the year or by Council action.

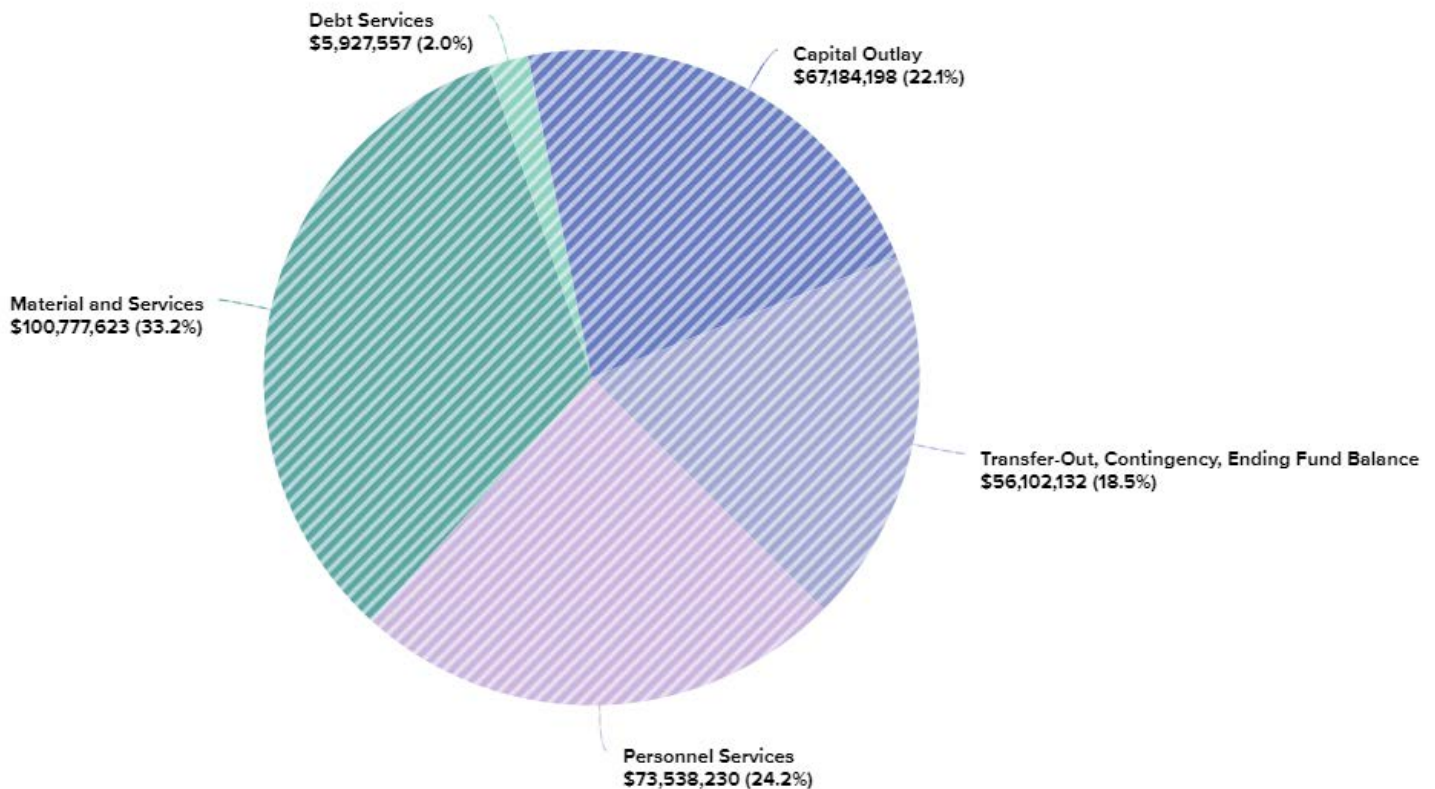
REVENUE

BN 2021-2023 Adopted Budget



EXPENSES

BN 2021-2023 Adopted Budget



ROBERTS RULES OF ORDER

Roberts Rules of Order – Simplified

Guiding Principles:

- Everyone has the right to participate in discussion if they wish, before anyone may speak a second time.
- Everyone has the right to know what is going on at all times. Only urgent matters may interrupt a speaker.
- Only one thing (motion) can be discussed at a time.

A **motion** is the topic under discussion (e.g., “I move that we add a coffee break to this meeting”). After being recognized by the president of the board, any member can introduce a motion when no other motion is on the table. A motion requires a second to be considered. If there is no second, the matter is not considered. Each motion must be disposed of (passed, defeated, tabled, referred to committee, or postponed indefinitely).

How to do things:

You want to bring up a new idea before the group.

After recognition by the president of the board, present your motion. A second is required for the motion to go to the floor for discussion, or consideration.

You want to change some of the wording in a motion under discussion.

After recognition by the president of the board, move to amend by

- adding words,
- striking words or
- striking and inserting words.

You like the idea of a motion being discussed, but you need to reword it beyond simple word changes.

Move to substitute your motion for the original motion. If it is seconded, discussion will continue on both motions and eventually the body will vote on which motion they prefer.

You want more study and/or investigation given to the idea being discussed.

Move to refer to a committee. Try to be specific as to the charge to the committee.

You want more time personally to study the proposal being discussed.

Move to postpone to a definite time or date.

You are tired of the current discussion.

Move to limit debate to a set period of time or to a set number of speakers. Requires a 2/3rds vote.

You have heard enough discussion.

Move to close the debate. Also referred to as calling the question. This cuts off discussion and brings the assembly to a vote on the pending question only. Requires a 2/3rds vote.

You want to postpone a motion until some later time.

Move to table the motion. The motion may be taken from the table after 1 item of business has been conducted. If the motion is not taken from the table by the end of the next meeting, it is dead. To kill a motion at the time it is tabled requires a 2/3rds vote. A majority is required to table a motion without killing it.

You believe the discussion has drifted away from the agenda and want to bring it back.
 "Call for orders of the day."

You want to take a short break.
 Move to recess for a set period of time.

You want to end the meeting.
 Move to adjourn.

You are unsure the president of the board announced the results of a vote correctly.
 Without being recognized, call for a "division of the house." A roll call vote will then be taken.

You are confused about a procedure being used and want clarification.
 Without recognition, call for "Point of Information" or "Point of Parliamentary Inquiry." The president of the board will ask you to state your question and will attempt to clarify the situation.

You have changed your mind about something that was voted on earlier in the meeting for which you were on the winning side.
 Move to reconsider. If the majority agrees, the motion comes back on the floor as though the vote had not occurred.

You want to change an action voted on at an earlier meeting.
 Move to rescind. If previous written notice is given, a simple majority is required. If no notice is given, a 2/3^{ds} vote is required.

Unanimous Consent:

If a matter is considered relatively minor or opposition is not expected, a call for unanimous consent may be requested. If the request is made by others, the president of the board will repeat the request and then pause for objections. If none are heard, the motion passes.

- **You may INTERRUPT a speaker for these reasons only:**
 - to get information about business –point of information to get information about rules– parliamentary inquiry
 - if you can't hear, safety reasons, comfort, etc. –question of privilege
 - if you see a breach of the rules –point of order
 - if you disagree with the president of the board's ruling –appeal
 - if you disagree with a call for Unanimous Consent –object

Quick Reference					
	Must Be Seconded	Open for Discussion	Can be Amended	Vote Count Required to Pass	May Be Reconsidered or Rescinded
Main Motion	√	√	√	Majority	√
Amend Motion	√	√		Majority	√
Kill a Motion	√			Majority	√
Limit Debate	√		√	2/3 ^{ds}	√
Close Discussion	√			2/3 ^{ds}	√
Recess	√		√	Majority	
Adjourn (End meeting)	√			Majority	
Refer to Committee	√	√	√	Majority	√
Postpone to a later time	√	√	√	Majority	√
Table	√			Majority	
Postpone Indefinitely	√	√	√	Majority	√

LEGAL FRAMEWORK

Below is a series of questions and responses prompted by discussions among previous budget committee members.

1. What are the purposes of Oregon's Local Budget Law?

Response

- To establish standard procedures for the preparation, presentation, administration and appraisal of budgets of municipal corporations. ORS 294.321 (1).
- To provide for a brief description of the programs of a municipal corporation and the fiscal policy which is to accomplish these programs. ORS 294.321(2).
- To provide for estimation of revenues, expenditures and proposed taxes. ORS 294.321(3).
- To provide specific methods for obtaining public views in the preparation of fiscal policy. ORS 294.321(4).
- To provide for the control of revenues and expenditure for the promotion of efficiency and economy in the expenditure of public funds. ORS 294.321(5).
- To enable the public, taxpayers and investors to be appraised of the financial policies and administration of the municipal corporation in which they are interested. ORS 294.321(6).

2. Which budget-related tasks and powers are assigned to the budget committee?

Responses

- a. Explicit assignments and authority
 - i. Electing a chair and other officers, receiving the budget message, hearing patrons, setting dates for future meetings, and adopting rules of order. *Local Budgeting in Oregon*, p. 10
 - ii. Holding at least one public meeting on the budget presented by the Budget Officer and taking public comments on it. ORS 294.428.
 - iii. Asking questions of staff and requesting additional information the budget committee "requires for the revision and preparation of the budget document." ORS 294.428(3).
 - iv. Compelling the attendance of any City officer or employee at budget committee meetings. *Id.*
 - v. Reducing or increasing estimates of resource and requirements in the budget presented by the Budget Officer. *Local Budgeting Manual*, p. 45.
 - vi. Adding or deleting funding for specific services. *Local Budgeting in Oregon*, p. 11.
 - vii. Approving the budget presented by the Budget Officer, with additions or deletions.

Local Budgeting Manual, p. 15.

b. Implicit assignments and authority

- i. "The budget committee is a local government's fiscal planning advisory committee." *Local Budgeting Manual*, p. 44. It is the "fiscal planning board of a local government." *Local Budgeting in Oregon*, p. 13.
- ii. Individual budget committee members may ask questions of staff between committee meetings. *Local Budgeting in Oregon*, p. 11.
- iii. The two-year portion of the Capital Improvements Plan included in the budget document is one of the elements of the budget the budget committee approves and forwards to the Council for consideration and final decision-making.

c. Explicit or implicit proscriptions

- i. The budget committee may not take any action without an affirmative vote of a majority of the total budget committee membership (a majority of those voting does not suffice). *Local Budgeting in Oregon*, p. 11; OAR 150-294-0450.
- ii. "Generally, the budget committee's role is not to directly establish or eliminate specific programs or services." *Local Budgeting in Oregon*, p. 11.
- iii. "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." *Id.*
- iv. "The budget committee does not approve new personnel, employee contracts or salary schedules, nor does it negotiate salary contracts." *Id.*
- v. "Committee members may not discuss or deliberate on the budget outside of a public meeting." *Local Budget Manual*, p. 45.
- vi. The budget committee may not "discuss specifics of the ensuing year's budget at... Informal meetings until the notice requirements of the first budget committee meeting have been satisfied." *Id.*
- vii. Requests to staff for information beyond that required for revision and preparation of the budget document are inappropriate. ORS 294.428(3). See #6 below.

3. Which budget-related tasks and powers are assigned exclusively to the City Council?

Responses

a. Explicit assignments and authority

- i. Final decision-making on all City policies and the use of City resources. AMC 2.10.090. The Council is the authorized City policy-making body, elected to establish the overall direction and priorities for City government, and is the body solely subject to voter disapproval if unacceptable decisions are made and subject to potential legal action for breach of fiduciary duty.
- i. Appointing the Budget Officer. ORS 294.331.
- ii. Establishing "standards and budget parameters" to be given to the Budget Officer to serve as "guidelines for budget development." *Local Budgeting in Oregon*, p. 11.
- iii. Setting meeting agendas: Set by Budget Officer, who is under the City's Executive Officer. ORS 294.331.
- iv. Adoption of final budget, after public hearing and deliberation on the budget document approved by the budget committee. ORS 294.453-.456.

- v. Adoption of a supplemental budget in certain circumstances. ORS 294.471- .473.
 - vi. Transferring appropriations between funds when authorized by ordinance or making inter- fund loans. ORS 294.463 and .468.
- b. Implicit assignments and authority
- i. Any duties or authority not expressly assigned to the budget committee.
 - ii. Deciding whether to invite appointed budget committee members to participate in the Council's budget hearing. *Local Budgeting Manual*, p. 55.
 - iii. Deciding whether to reconvene the budget committee in the Off-Season. *Id.* at p. 45.
 - iv. Establishing the 6-year Capital Improvement Plan

4. What is the role of the Budget Officer and staff?

Responses

- a. The budget officer, or the person or department designated by charter and acting as budget officer, shall prepare or supervise the preparation of the budget document. The budget officer shall act under the direction of the executive officer of the municipal corporation, or where no executive officer exists, under the direction of the governing body. ORS 294.331.
- b. Preparation of the budget document consistent with the requirements and definitions of ORS 294.333- 398.
- c. Submittal of the budget message, which, according to ORS 294.321, must:
 - i. Explain the budget document;
 - ii. (Contain a brief description of the proposed financial policies of the municipal corporation for the ensuing year or ensuing budget period;
 - iii. Describe in connection with the financial policies of the municipal corporation, the important features of the budget document;
 - iv. Set forth the reason for salient changes from the previous year or budget period in appropriation and revenue items;
 - v. Explain the major changes in financial policy; and
 - vi. Set forth any change contemplated in the municipal corporation's basis of accounting and explain the reasons for the change and the effect of the change on the operations of the municipal corporation.

5. Do budget committee members have a legally enforceable obligation to act in the best interest of Ashland citizens (fiduciary duty)?

Response No

Points and Authorities

- a. Budget committee members are to approve a budget (recommend a budget to the City Council), which the City Council can then adopt with or without revisions. It is therefore only the City Council members who make final decisions and who conceivably could be held liable for improper expenditures authorized in an adopted budget.

6. Do individual budget committee members have unlimited authority to compel production of information?

Response No

Points and Authorities

- a. The budget committee may not take any action without an affirmative vote of at least eight members (a majority of those voting does not suffice). Local Budgeting in Oregon, p. 11; OAR 150-294-0450.
- b. Information the budget committee “requires for the revision and preparation of the budget document” are appropriate (ORS 294.428(3)), and the public hearing on the budget is to afford “an opportunity to ask questions about and comment on the budget document” (ORS 294.426(1)(b)). Questions or comments on topics other than the budget document could be ruled out of order for lack of relevance.
- c. Individual budget committee members may ask questions of staff between committee meetings.
 - i. “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.” *Local budgeting in Oregon*, P. 11.

7. Must the budget document’s estimates of expenditures for personal services include classification, salary and FTE for each position?

Response No

Points and Authorities

- a. “Estimates of expenditures for personnel services must include for each organizational unit or activity the total budgeted cost of all officers and employees and the number of related full-time equivalent positions. Upon request, a municipal corporation shall make available the current salary of each officer and employee, other than persons who receive an hourly wage or who are hired on a part-time basis. For the purpose of preparing a list of salaries, employees of like classification and salary range may be listed by the number of employees, the highest and lowest salaries and the total amount of all salaries, in each salary range.” ORS 294.388(5) [Emphasis added].

8. Does Oregon’s Local Budget Law assign to the budget committee any duties or powers to take official actions during the 20 to 21 month period between City Council adoption of one biennium’s budget and the budget committee’s first meeting on the budget document for the ensuing biennium (“Off-Season”)?

Response No

Points and Authorities

- a. Oregon statutes ascribe roles to the budget committee solely for the 3 to 4 month period between the budget committee's first meeting on the budget document for the upcoming biennium and City Council adoption of the budget for that biennium ("Budgeting Season"): "Once the budget committee has approved the budget, it has completed all of the duties required of it by Local Budget Law." Local Budgeting Manual, p. 46.
- b. Only the Council has statutory authority to take official actions in the Off-Season with respect to the budget (such as, adoption of a supplemental budget, transfers of appropriations, or post-budget- adoption local option taxes) ORS 294.463- .476. The budget committee is not mentioned in these statutory provisions concerning Off-Season official budgetary actions.
- c. "[S]ome local governments have a policy of including the budget committee in other parts of the process, such as adopting a supplemental budget. These are local policy decisions that are up to the discretion of the governing body." Local Budgeting Manual, p. 46.
- d. Only the Council has the authority to convene an Off-Season budget committee meeting and determine its purpose: Local Budgeting Manual says at page 45, "The budget committee may meet from time to time throughout the year at the governing body's discretion for purposes such as training; "Local Budgeting in Oregon, at page 11, says "The budget committee may be reconvened by the governing body at a later date [after budget adoption] 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." (Emphasis added in each excerpt)
- e. Local Budgeting Manual addresses Off-Season meeting topics: (1) At page 15, it says, "The budget committee is allowed to meet for training and advisory reviews throughout the year, but the budget may not be deliberated before the first meeting for which notice is published." At page 45, the Manual says, "Take care not to discuss specifics of the ensuing year's budget at these informal meetings until the notice requirements of the first budget committee meeting have been satisfied."

9. During Off-Season, may a quorum of the budget committee members meet and discuss budget matters?

Response Yes, as long as the gathering is a properly noticed public meeting convened by the Council and as long as the discussion is not about the specifics of the budget for the ensuing biennium. See #14 below.

Points and Authorities

- a. The Council has exclusive authority to convene an Off-Season budget committee meeting. See #8. b., c., and d. above.
- b. The meeting may not be about the specifics of the budget for the ensuing biennium. See #8. e. above

10. . During Off-Season, may the person who chaired the budget committee during the preceding Budgeting Season convene a budget committee meeting?

Response No, because the Council has exclusive authority to convene a budget committee meeting during the Off-Season.

Points and Authorities

- a. The Council has exclusive authority to convene an Off-Season budget committee meeting. See #8.b., c. and d. above.
- b. Because the budget committee has no capacity to take any official action in the Off-Season (see #8.a. and b. above), the chair of the budget committee has no authority to take any official action.
- c. Oregon statutes direct that selection of a budget committee chair is to occur at the first meeting of the budget committee for any particular Budgeting Season, which can only occur when it first receives the budget document for the ensuing biennium. ORS 294.414(9) and 294.426(1)(a). As there is no statutory provision governing Off-Season replacement of a budget committee chair who has resigned or whose term has lapsed during the Off-Season, those statutory provisions suggest that chairmanship of the budget committee for any particular Budget Season terminates once that season is over.
- d. ORS 294.428(1) says, "In addition to the meetings held under ORS 294.426(1) [which prescribes the requirements for meetings held for receiving the budget and providing opportunities for public questions and comments on the budget document], the budget committee may meet from time to time at its discretion." This is in a section titled "Budget Committee Hearings; Approval of the Budget Document." That section addresses only meetings concerning approval of the budget document; it is not a grant of general discretion to the budget committee to convene meetings at any time. If it were a grant of general discretion to convene meetings, there would be no need for the strictures in ORS 294.426 or the statements in the Local Budgeting Manual and Local Budgeting in Oregon that meetings of the budget committee in the Off-Season are at the discretion of the governing body. See #8.c. and d. above.

11. During Budgeting Season, may the appointed budget committee members meet on their own for the purpose of discussing the budget?

Response No

Points and Authorities

- a. "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." *Local Budgeting in Oregon*, p. 2.
- b. "Committee members may not discuss or deliberate on the budget outside of a public meeting." *Local Budgeting Manual*, p. 45. "
- c. "A gathering of less than a quorum of the committee, subcommittee, advisory group or other governing body is not a 'meeting' under the Public Meetings Law. However, while a gathering of less than a quorum is not a 'meeting,' members of the governing body should not gather as a group or groups composed of less than a quorum for the purpose of conducting business outside the Public Meetings Law. Such a gathering creates the appearance of impropriety, and runs contrary to the policy of the Public Meetings Law, which supports keeping the public informed of the deliberations of governing bodies." *Oregon Attorney General's Public Meetings Manual*, p. 304.
- d. If those gathering at such a meeting were to constitute a quorum of the budget committee, the meeting would have to be open to the public. ORS 294.428(2). But since the 7 appointed budget committee members would not constitute a quorum, the only

allowable official action at such a gathering would be approval of a motion to adjourn.

12. During Off-Season, may less than a quorum of the budget committee gather on their own for the purpose of discussing budget matters (other than budget specifics for the budget for the ensuing biennium)?

Responses

- (1) Yes, if the less-than-a-quorum members of the budget committee constitute a public body (for example, the group is the Council itself or has been appointed by the Council to be a subcommittee or separate advisory group) and the gathering meets public meeting requirements, including public notice; (2) No, if the purpose is to discuss specifics of the budget for the ensuing biennium; but otherwise such gathering of less than a quorum of budget committee members is permissible.

Points and Authorities for Response #2 to Question 12:

- a. While the Oregon Attorney General generally advises against such gatherings (see 11.b. above), the policy of keeping the public informed of the deliberations of governing bodies would not be violated by a gathering of less-than-a-quorum of public body that has no authority or power in the Off-Season to take any official action. Analogy: The Ashland Building Board of Appeals exists to comply with state statute and is activated only when official action is called for. During the time this board is in deactivated status (has no duties to perform), no one could reasonably perceive discussions of less than a quorum of its members as deliberations of a public body.
- b. "Committee members may not discuss or deliberate on the budget outside of a public meeting." *Local Budgeting Manual*, p. 45. It is debatable whether this proscription applies even to Off-Season discussions: Such a discussion among less than a quorum of budget committee members in Off-Season surely would be a protected exercise of the First Amendment freedom of association, unless it strayed into deliberations on specifics of the ensuing biennium's budget document not yet formulated by staff.

13. During either Budget Committee Season or the Off-Season, at meetings of the City Council, are Councilmembers limited as to budget issues that can be discussed? (More pointedly, do the limitations on less-than-a-quorum budget committee members' budget discussions, as described in Questions 9 and 12 above, also apply to the elected budget committee members, that is to Council members?)

Response No

Points and Authorities

- a. "Standards and budget parameters established by the governing body give the budget officer and administrative staff general guidelines for budget development." *Local Budgeting in Oregon*, p. 11. The budget officer needs to know what policy initiatives having fiscal impacts the Council is likely to undertake in the next biennium – which can only be determined after Council discussion of priorities among potential initiatives.
- b. The budget committee has no statutory or Charter-established role in formulation of the budget or in overseeing adherence to it or revisions to it after its initial adoption. See 1.a.–e. above. Councilmembers, in contrast, would be derelict if they did not oversee adherence to the current biennium's budget or if they stopped developing policies.

14. What topics of discussion are appropriate for budget committee discussion during the Off-Season?

Responses

- a. Appropriate topics (per Oregon Department of Revenue)
 - i. Training on the budget committee process, calendar, expectations for committee members, etc.
 - ii. Committee members' preferences for ground rules, rules of order, conduct of meetings, voting/ reaching consensus, fact-finding process, etc.
 - iii. Orientation on the organization and its various departments, programs, staffing, etc., and on the activities or services provided by each.
 - iv. General discussion of vision and goals, spending priorities, or philosophy on how to allocate scarce resources or make trade-off decisions as to which programs get funded and which don't.
 - v. General economic projections by the finance officer of possible changes in resources or requirements expected next year.
 - vi. Any and all discussion of the current year budget or prior year budget, including what, in general, might be done differently next year.
- b. Inappropriate topics (per Oregon Department of Revenue)
 - i. Specific estimates or appropriation amounts associated with any fund or line item, resource or requirements.
 - ii. The question of whether to fund specific programs or expenditures.
 - iii. The question of whether to impose any tax levy, or the amount of any levy.

15. For purposes of having common vocabulary for discussing the role of the budget committee, what would be a clear working definition of "Budget Committee Season"?

Response

"Budget Committee Season" means the period of time when the budget committee has authority under state law to take official action. This period begins at the first meeting of the budget committee, which can only occur when the committee sitting en banc first receives from the Budget Officer the budget document for the ensuing biennium - - typically in April or May of the second year of any biennium - and the date the City Council adopts the final budget for that biennium. Between one Budget Committee Season and the next ("Off-Season"), only the City Council has statutory authority to take official actions with respect to the budget or to convene the budget committee for any purpose.

Points and Authorities

- a. See #8. a, b., and d. above

16. For purposes of having common vocabulary for discussing the role of the budget committee, what would be a clear working definition of "Budget Committee meeting"?

Responses

"A Public meeting of the Budget Committee" means a gathering of a quorum of the budget committee membership at which discussion of City budget matters is intended to or is likely to occur.

Points and Authorities

- a. "The Public Meetings Law applies to all meetings of a quorum of a governing body for which a quorum is required in order to make a decision or to deliberate towards a decision on any matter." Oregon Attorney General's Public Meetings Manual, p.122.
- b. "The purpose of the meeting triggers the requirements of the law....[A] purpose to deliberate on any matter of official policy or administration may arise [even] during a social gathering and lead to a violation. Members constituting a quorum must avoid any discussions of official business during such a gathering." *Id.*, at 123 (italics in original)
- c. "Even if a meeting is for the sole purpose of gathering information to serve as the basis for a subsequent decision or recommendation by the governing body, the meetings law will apply." 38 Op Atty Gen 1471, 1474 (1977); *Oregonian Publishing Co. v. Board of Parole*, 95 Or. App 501, 506 (1989).
- d. See also Questions 11 and 12 above.

17. For purposes of providing budget committee members relevant information and having commonly understood procedures, what would be a clear protocol for individual budget committee members to utilize in seeking from staff information related to the City Budget?

Responses

- a. Rationale for adopting such a protocol:
 - i. Minimization of misunderstandings.
 - ii. "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." *Local Budgeting in Oregon*, p. 11.
- b. Requests for information during Budget Committee Season:
 - i. Scope of topics: Information required for revision and preparation of the budget document. ORS 294.428(3).
 - ii. Sequence
 1. Budget committee member makes written request to Budget Officer/Department

Director for information within the scope of topics described in b.i above.

2. Budget Officer/Department Director notifies City Administrator of request.
3. Budget Officer/Department Director and City Administrator preliminarily determine (1) whether scope is appropriate and (2) whether response will require less than 2 hours of staff time.
 - a. If both preliminary determinations are affirmative, Budget Officer/Department Director arranges to have response prepared and delivered to requester and the other budget committee members.
 - b. If either of the two preliminary determinations is negative, City Administrator notifies Chair, asking for a decision on whether to comply with request. Then ...
 - i. If decision can wait until upcoming meeting of Budget Committee, Chair should include it on the agenda for the upcoming meeting and the determination should be made by majority vote of the Budget Committee; or
 - ii. If decision cannot wait until upcoming meeting of Budget Committee, Chair should make the determination on whether to comply with request.

c. Requests for information during Off-Season:

i. Scope of topics:

1. Topics related to fiscal planning, excluding any specifics about the ensuing biennium budget.
2. See #14 above.

i. Sequence

1. Budget committee member makes written request to City Administrator for information within the scope of topics described in c.i above.
2. City Administrator preliminarily determines (1) whether scope is appropriate and (2) whether, in light of other current priorities, responding to request warrants required staff time.
 - a. If both preliminary determinations are affirmative, City Administrator arranges to have response prepared and delivered to requester and sent to the other budget committee members.
 - b. If either of the two preliminary determinations is negative, City Administrator notifies Mayor, asking for a decision on whether to comply with request.
 - i. If decision can wait until upcoming meeting of City Council, Mayor should include it on the agenda for the upcoming meeting and the determination should be made by majority vote of the City Council.
 - ii. If decision cannot wait until upcoming meeting of City Council, Mayor should make the determination on whether to comply with request.

DEFINITIONS

Accrual basis. Method of accounting recognizing transactions when they occur without regard to cash flow timing [ORS 294.311(1)].

Activity. That portion of the work of an organizational unit relating to a specific function or class of functions, a project or program, a subproject or subprogram, or any convenient division of these [ORS 294.311(2)].

Adopted budget. Financial plan that is the basis for appropriations. Adopted by the governing body (ORS 294.456, renumbered from 294.435).

Ad valorem tax. A property tax computed as a percentage of the assessed value of taxable property.

Agent. Generally, someone who is authorized to act for the local government, or who can make commitments or sign contracts in the name of the local government. Agency is the fiduciary relationship that arises when one person (a 'principal') manifests assent to another person (an 'agent') that the agent shall act on the principal's behalf and subject to the principal's control, and the agent manifests assent or otherwise consents so to act.

Appropriation. Authorization for spending a specific amount of money for a specific purpose during a fiscal year. It is based on the adopted budget, including supplemental budgets, if any. It is presented in a resolution or ordinance adopted by the governing body [ORS 294.311(3)].

Approved budget. The budget that has been approved by the budget committee. The data from the approved budget is published in the Financial Summary before the budget hearing (ORS 294.428, re-numbered from 294.406).

Assessed value. The value set on real and personal property as a basis for imposing taxes. It is the lesser of the property's maximum assessed value or real market value.

Assessment date. The date on which the value of property is set, January 1 (ORS 308.210, 308.250).

Audit. The annual review and appraisal of a municipal corporation's accounts and fiscal affairs conducted by an accountant under contract or the Secretary of State (ORS 297.425).

Audit report. A report in a form prescribed by the Secretary of State made by an auditor expressing an opinion about the propriety of a local government's financial statements, and compliance with requirements, orders and regulations.

Balanced budget. A budget in which the resources equal the requirements in every fund.

Bequest. A gift by will of personal property; a legacy. **Biennial budget.** A budget for a 24-month period. **Billing rate.** The tax rate used to compute ad valorem taxes for each property.

Budget. Written report showing the local government's comprehensive financial plan for one fiscal year. It must include a balanced statement of actual revenues and expenditures during each of the last two years, and estimated revenues and expenditures for the current and upcoming year [ORS 294.311(5)].

Budget committee. Fiscal planning board of a local government, consisting of the governing body plus an equal number of legal voters appointed from the district (ORS 294.414, renumbered from 294.336).

Budget message. Written explanation of the budget and the local government's financial priorities. It is prepared and presented by the executive officer or chairperson of the governing body (ORS 294.403, re-numbered from 294.391).

Budget officer. Person appointed by the governing body to assemble budget material and information and to physically prepare the proposed budget (ORS 294.331).

Budget period. For local governments on a biennial budget, the 24-month period beginning July 1 and ending June 30 of the second following calendar year. See also "Fiscal year."

Budget transfers. Amounts moved from one fund to finance activities in another fund. They are shown as expenditures in the originating fund and revenues in the receiving fund.

Capital outlay. Items which generally have a useful life of one or more years, such as machinery, land, furniture, equipment, or buildings [ORS 294.388(4), renumbered from 294.352(4)].

Capital projects fund. A fund used to account for resources, such as bond sale proceeds, to be used for major capital item purchase or construction [OAR 150-294.352(1)].

Cash basis. System of accounting under which revenues are accounted for only when received in cash, and expenditures are accounted for only when paid [ORS 294.311(9)].

Category of limitation. The three categories in which taxes on property are placed before the constitutional limits can be tested—education, general government, excluded from limitation (ORS 310.150).

Consolidated billing tax rate. The combined total of the billing rates for all taxing Districts in a code area. Does not include the billing rate for any urban renewal special levies or non-ad valorem taxes, fees, or other charges.

Constitutional limits. The maximum amount of tax on property that can be collected from an

individual property in each category of limitation (Art. XI, sect. 11b, OR Const.).

Debt service fund. A fund established to account for payment of general long-term debt principal and interest [OAR 150-294.352(1)].

Devise. A of real property by will of the donor of real property.

Division of tax. Division of tax refers to the process of, and revenue from, apportioning tax to urban renewal agencies based on the relationship of the excess to frozen value, also known as tax increment revenue.

Double majority. A term that refers to an election where at least 50 percent of the registered voters eligible to vote in the election cast a ballot and more than 50 percent voting approve the question.

Encumbrance. An obligation chargeable to an appropriation and for which part of the appropriation is reserved [ORS 294.311(13)].

Enterprise fund. A fund established to account for operations that are financed and operated in a manner similar to private business enterprises. They are usually self-supporting. Examples of enterprise funds are those for water, gas, and electric utilities, swimming pools, airports, parking garages, transit systems, and ports [OAR 150-294.352(1)-(A)].

Estimate. (v) To arrive at a rough calculation or an opinion formed from imperfect data. (n) The resulting amount.

Excluded from limitation category. The category for taxes used to pay principal and interest on exempt bonded indebtedness [ORS 310.150(3)(D)].

Exempt bonded indebtedness. 1) Bonded indebtedness authorized by a specific provision of the Oregon Constitution, or 2) bonded indebtedness issued as a general obligation on or before November 6, 1990, incurred for capital construction or capital improvements, or 3) bonded indebtedness issued as a general obligation after November 6, 1990, incurred for capital construction or capital improvements with the approval of the electors of the local government. Bonded indebtedness issued to refund or refinance any bonded indebtedness described above is also included [ORS 310.140(7)].

Existing urban renewal plan. An existing urban renewal plan is defined as a plan that existed in December 1996, and, 1) chose an option and, 2) established a maximum amount of indebtedness by July 1998 and has not been amended to increase the land area or maximum indebtedness [ORS 457.010(4)(a)].

Expenditures. Total amount incurred if accounts are kept on an accrual basis; total amount paid if accounts are kept on a cash basis [ORS 294.311(16)].

Fiscal year. A 12-month period to which the annual operating budget applies. The fiscal year is July 1 through June 30 for local governments [ORS 294.311(17)].

Fund. A fiscal and accounting entity with self-balancing accounts to record cash and other financial resources, related liabilities, balances and changes, all segregated for specific, regulated activities and objectives.

Fund balance. The fund equity of government funds.

Fund type. One of nine fund types: General, special revenue, debt service, capital projects, special assessment, enterprise, internal service, trust and agency, and reserve [OAR 150-294.352(1)-(A)].

General fund. A fund used to account for most fiscal activities except for those activities required to be accounted for in another fund [OAR 150-294.352(1)-(A)].

General government category. The category for taxes used to support general government operations other than schools that are not for the purposes of paying exempt bonded indebtedness [ORS 310.150(2)].

Good Faith. The standard for estimating budget resources and requirements. Good faith estimates are reasonable and are reasonably likely to prove accurate, based on the known facts at the time.

Governing body. County court, board of commissioners, city council, school board, board of trustees, board of directors, or other managing board of a local government unit [ORS 294.311(20)].

Grant. A donation or contribution of cash to a governmental unit by a third party which may be made to support a specified purpose or function, or general purpose [ORS 294.311(21)].

Interfund loans. Loans made by one fund to another and authorized by resolution or ordinance (ORS 294.468, renumbered from 294.460).

Internal service fund. A fund used to account for fiscal activities when goods or services are provided by one department or agency to other departments or agencies on a cost-reimbursement basis (ORS 294.343, renumbered from 294.470).

Legal opinion. The opinion as to legality rendered by an authorized official, such as the Oregon attorney general or city attorney.

Levy. (v) To impose a property tax. (n) Ad valorem tax certified by a local government.

Local government. Any city, county, port, school district, education service district, community college, special district, public or quasi-public corporation (including a municipal utility or dock

commission) operated by a separate board or commission; a municipality or municipal corporation under ORS 294.311(26).

Local option tax. Voter-approved taxing authority that is in addition to the taxes generated by the permanent tax rate. Local option taxes can be for general operations, a specific purpose or capital projects. It is limited to five years unless it is for a capital project, then it is limited to the useful life of the project or 10 years, whichever is less [Art. XI, section]

Maximum assessed value (MAV). A constitutional limitation on the taxable value of real or personal property. It can increase a maximum of 3 percent each year. The 3 percent limit may be exceeded if there are qualifying improvements made to the property, such as a major addition or new construction (OAR 308.146).

Maximum authority. The limitation on the amount of revenue an existing urban renewal plan may raise from the property tax system [ORS 457.435(3)]. The assessor calculated this amount for the 1997-98 tax year for each existing plan based on the taxes each urban renewal plan area would have been entitled to prior to Measure 50. This amount is adjusted each year based on the growth of excess value in the plan area.

Maximum indebtedness. The amount of the principal of the indebtedness necessary to complete an urban renewal plan. This does not include indebtedness incurred to refund or refinance existing indebtedness [ORS 457.010(10)]. It is specified in dollars and cents and based on good faith estimates of the scope and costs of the anticipated project or projects. All existing plans are required to have an ordinance which establishes a maximum indebtedness.

Measure 5. A constitutional amendment (Art. XI, section 11b) passed in 1990 that limits the amount of operating tax that can be imposed on a property to \$5 per \$1,000 of real market value for education and \$10 per 1,000 for general government.

Measure 50. A constitutional amendment (Art. XI, section 11) passed in 1997 that limits the growth in a property's maximum assessed value to 3% per year. It also limits a local government's taxing authority by creating permanent rate limits.

Net working capital. The sum of the cash balance, accounts receivable expected to be realized during the ensuing year, inventories, supplies, prepaid expenses less current liabilities and, if encumbrance method of accounting is used, reserve for encumbrances [ORS 294.311(27)].

Object classification. A grouping of expenditures, such as personnel services, materials and services, capital outlay, debt services, and other types of requirements [ORS 294.311(29)].

Operating rate. The rate determined by dividing the local government's operating tax amount by the estimated assessed value of the local government. This rate is needed when a local

government wants to impose less tax than its permanent rate will raise.

Ordinance. A formal legislative enactment by the governing board of a municipality.

Organizational unit. Any administrative subdivision of the local government, especially one charged with carrying on one or more specific functions (such as a department, office or division) [ORS 294.311(31)].

Personnel services expenses. Expenses related to the compensation of salaried employees, such as, health and accident insurance premiums, Social Security and retirement contributions, civil service assessments.

Permanent rate limit. The maximum rate of ad valorem property taxes that a local government can impose. Taxes generated from the permanent rate limit can be used for any purpose. No action of the local government or its voters can change a permanent rate limit.

Principal act. The Oregon Revised Statutes that describe how a certain type of municipal corporation is formed, selects its governing body, the powers it may exercise and the types of taxing authority that its voters may authorize.

Prior years' tax levies. Taxes levied for fiscal years preceding the current one.

Program. A group of related activities to accomplish a major service or function for which the local government is responsible [ORS 294.311(33)].

Program budget. A budget based on the programs of the local government.

Property taxes. Ad valorem tax or another tax on property certified to the county assessor by a local government unit.

Proposed budget. Financial plan prepared by the budget officer. All funds must balance. It is submitted to the public and the budget committee for review.

Publication. Public notice given by publication in a newspaper of general circulation within the boundaries of the local government; mailing through the U.S. Postal Service by first class mail to each street address within the boundaries of the local government; or hand delivery to each street address within the boundaries of the local government [ORS 294.311(35)].

Real Market Value (RMV). The amount in cash which could reasonably be expected by an informed seller from an informed buyer in an arm's-length transaction as of the assessment date. For most properties, the value used to test the constitutional limits (ORS 308.205).

Reserve fund. Established to accumulate money from year to year for a specific purpose, such as purchase of new equipment (ORS 294.346, renumbered from 294.525).

Resolution. A formal order of a governing body; lower legal status than an ordinance.

Resource. Estimated beginning funds on hand plus anticipated receipts ORS 294.361).

SAL Report. Summary of Assessments and Levies (ORS 309.330).

Special levy. A special levy is an ad valorem tax, imposed for an urban renewal plan on the entire municipality that adopted the plan. It is not a result of a division of tax.

Special revenue fund. A fund used to account for the proceeds of specific revenue sources (other than special assessments, expendable trusts, or major capital projects) that are legally restricted to expenditure for specific purposes [OAR 150-294.352(1)-(A)].

Special payment. A budget expenditure category for pass-through payments, grants made to other organizations and other one-time or unusual expenditures that do not fall into the other categories of personal services, materials and services, capital outlay, etc.

Supplemental budget. A financial plan adopted during a budget period to meet unexpected needs or to appropriate revenues not anticipated when the regular budget was adopted. It cannot be used to authorize a tax (ORS 294.471, renumbered from 294.480).

Tax increment financing. A financial mechanism for urban renewal plans which captures the tax from the growth in property value within a designated geographical area by dividing the taxes of local governments.

Tax on property. Any tax, fee, charge or assessment imposed by any government unit upon property or upon a property owner as a direct consequence of ownership of that property [ORS 310.140(18)].

Tax rate. The amount of tax stated in terms of a unit of tax for each \$1,000 of assessed value of taxable property.

Tax roll. The official listing of the amount of taxes imposed against each taxable property.

Tax year. The fiscal year from July 1 through June 30.

Trust fund. A fund used to account for fiscal activities of assets held in trust by a local government.

Unappropriated ending fund balance. Amount set aside in the budget to be carried over to the next year's budget. It provides the local government with cash until tax money or other revenues are received later in the year. This amount cannot be transferred by resolution or used through a supplemental budget, unless necessitated by a qualifying emergency (ORS 294.398, renumbered from 294.371; ORS 294.481, renumbered from 294.455).

ONLINE RESOURCES

- **BN 2021/23 Budget:**

https://www.ashland.or.us/SIB/files/Administrative%20Services/2021-23%20Budget/City_of_Ashland_2021-2023_Adopted_Biennium_Budget.pdf

- **Oregon Department of Revenue:**

https://www.oregon.gov/DOR/forms/FormsPubs/local-budgeting-manual_504-420.pdf

- **Oregon Revised Status (Budget Related):**

https://www.oregonlegislature.gov/bills_laws/ors/ors294.html

- **OpenGov (Financial Data):** <http://AshlandOR.OpenGov.com>