

Memo

DATE: November 19, 2015
TO: Budget Committee Members
CC: Dave Kanner, Budget Officer
FROM: Lee Tuneberg, Finance Director
DEPT: Administrative Services
SUBJECT: Supplemental budgets

You all have experienced the first three steps or phases in the Oregon budget process: Propose, Approve and Adopt the budget. Many of you may recall there is a fourth phase: Changing the adopted budget.

Changing the budget is done by a resolution transferring funds or by a resolution adopting a supplemental budget, both done by Council action. Public notice is given for each action.

Transfers move appropriations from one spot in the budget to another, but do not increase the total. The most common is from Contingency to an expenditure category where there is a need. An example is reducing Contingency in the General Fund by \$10,000 and increasing Police Department appropriations by the same dollar amount to pay for police expenses that are more than what was anticipated. Doing this better reflects actual expenses for police activities. Oregon budget law does not allow expending directly from Contingency.

A supplemental budget recognizes additional resources and appropriates the expenditure of these funds. This resolution will increase the total of the budget in that the resolution must reflect more in resources and more in requirements. Small (less than 10% of a fund's appropriations) can be done by a resolution passed by Council at any regular business meeting. A larger than 10% supplemental budget requires a public hearing. Budget adjustments are reflected on subsequent financial reports. The number of adjustments can be seen in the financial reports provided by staff.

For BN 2015-2017 staff has only done one adjustment to date, a supplemental budget under the 10% rule. Small grants for Police and Fire were recognized at the November 3, 2015, meeting in addition to a \$440,000 change in Equipment Fund resources and requirements. The latter was done to improve the accounting for purchases of fuel by the Equipment Fund that is subsequently "sold" to other departments.

Currently, staff is preparing a "larger" supplemental budget creating appropriations in the Central Service Fund, moving up the software change to take advantage of an inviting offer from the current provider to migrate to a more current solution, saving hundreds of thousands of dollars over waiting to bid packages in BN 2017-2019 as originally planned. This requires a \$575,000 adjustment to the Central Service Fund and is anticipated for December 1, 2015, in order to take advantage of the offer that expires on January 1, 2016.

I hope this explains the "phase four" amendment process. Contact me if you have questions.

