

**Basic Local Budget**

**Law**

**2018**

*Presented by Oregon Department of Revenue*

*Finance, Taxation & Exemptions*

# Finance, Taxation & Exemptions Team:

- ✓ Trains Local Officials on Local Budget Law
- ✓ Answers Questions about Budget Law & Property Taxes
- ✓ Provides Budgeting Manuals & Forms
- ✓ Reviews Tax Certifications
- ✓ Reviews District Budgets
- ✓ Advises County Assessors & Tax Collectors on property tax law
- ✓ and more

## Agenda - 4 Phases in Budget Process

- 1<sup>st</sup> Phase - Propose the budget
- 2<sup>nd</sup> Phase - Approve the budget
- 3<sup>rd</sup> Phase - Adopt the budget
- 4<sup>th</sup> Phase - Changes after adoption

# 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*

Phase 4

Changes After Adoption

# An Appropriation is a Limitation

**Don't overspend your appropriations!**

ORS 294.456(6): Except as provided in . . . 294.471 , 294.473 . . . an expenditure . . . of public money may not be made for any purpose in an amount greater than the amount appropriated.





## Make Changes to Appropriations Before Over-Spending

- The change must be in place before an over-expenditure is made
- Adopting a resolution or supplemental budget after an over-expenditure does not correct the violation of Local Budget Law

*ORS 294.471(3)(c): Additional expenditures contained in a supplemental budget ...may not be made unless the governing body of the municipal corporation enacts appropriation ordinances or resolutions authorizing the expenditures.*

## A Supplemental Budget

- Modifies the currently adopted budget
- Effective through the end of the fiscal year
- Used to:
  - Increase or decrease appropriations,
  - Create a new appropriation category, **or**
  - Create a new fund



## If Change is 10% or less

- Adopt at a regular meeting (no hearing required)
- Publish notice of the regular meeting:
  - At least 5 days before the meeting
  - In newspaper, by 1<sup>st</sup> class mail or by hand-delivery
  - Include a statement that a supplemental budget will be considered at the meeting
- Adopt by resolution
- Appropriate by a resolution that states the need for, the purpose and the amount of the appropriation

## If Change is *More Than 10%*

- Public hearing is required
- Publish Notice of the hearing:
  - At least 5 days before the hearing
  - In newspaper, by 1<sup>st</sup> class mail or by hand-delivery
  - Summarize changes in each fund changing > 10%
- After hearing, adopt by resolution
- Resolution must state the need for, the purpose and the amount of the appropriation

## **Budget Changes after Adoption**

**ORS 294.100:** It is unlawful for any public official to spend money in excess of the amounts provided by law, or for any different purpose.

ORS 294.338: It is unlawful to expend money unless authorized by Local Budget Law.

ORS 294.456(6): After the governing body has enacted the resolutions necessary to adopt the budget as required, an expenditure of public money may not be made for any purpose in an amount greater than the amount appropriated, except as provided in ORS 294.338 [exceptions to the budget process], 294.478 [emergency educational expenditures], 294.463 [appropriation transfers], 294.471 and 294.473 [supplemental budgets].

## **Appropriation Transfers (294.463)**

Intra- and Inter-fund transfers between appropriation categories

- Transfer by resolution
- State the need for the transfer, purpose of the expenditure, and the amount
- Can't be used to create appropriation categories

Contingency transfers

- Transfer by resolution if 15% or less of the total fund appropriations
- State the need for the transfer, purpose of the expenditure, and the amount
- Use a supplemental budget for transfers over 15%

## **Supplemental Budgets (294.471 & 294.473)**

Supplemental budget to increase or decrease appropriation amounts allowed if:

- Condition was not ascertained when budget was prepared, or
- Unforeseen pressing necessity arises, or
- Unknown state, federal or local funds made available, or
- Unknown funded request for services received, or
- Insurance or property sale proceeds are used to replace facility, or
- Significantly more tax money received than budgeted, or
- Significantly less tax money received than budgeted.

Supplemental budget must:

- Be adopted before any expenditure exceeds existing appropriation
- Be only for current fiscal year
- Not increase tax levy