

City of Newberg Budget & Finance Orientation

APRIL 20, 2019

Agenda

2

- Budget Basics
- FY 2019-20 Budget Committee Meeting Process

Budget Basics - Role and Process of the Budget Committee

➤ Who?

- ❖ Elected governing body members (7)
- ❖ An equal number of qualified City voters appointed by the governing body (7).
- ❖ A quorum is a majority of the total membership of the Committee (i.e. 8 members).
- ❖ Any Budget Committee action requires an affirmative vote of a majority of the total budget committee, not merely the majority of members present (i.e. Newberg requires 8 affirmative votes).

Budget Basics - Role and Process of the Budget Committee

➤ What?

- ❖ A financial plan that includes estimates of expenditures and revenues for a single fiscal year (FY) (July 1 to June 30). ORS 294.311.
- ❖ Key actions taken by the Budget Committee
 - ❖ Approve the budget.
 - ❖ Set and approve the amount or rate of property taxes to be imposed. The City's permanent tax rate is \$4.3827 per \$1,000 of assessed value, but the Charter limit for FY2018-19 is \$2.5000 per \$1,000. Can 3% increase annually into the future, so FY2019-20 limit is \$2.5750 per \$1,000.

➤ Where?

- ❖ All meetings will be held at the Public Safety Building, 401 E. Third Street

Budget Basics - Role and Process of the Budget Committee

- **When?** The budget must be adopted before June 30. A budget calendar provides adequate timeframes to accomplish each step. The meeting schedule is provided below:

April 20 (Sat) Committee Orientation & Tour

April 23 (Tues) First Budget Committee meeting

April 25 (Thur) Second Budget Committee meeting

April 30 (Tues) Third Budget Committee meeting

May 2 (Thur) Fourth Budget Committee meeting

May 7 (Tues) Fifth Budget Committee meeting (if necessary)

May 14 (Tues) Sixth Budget Committee meeting (if necessary)

May 21 (Tues) Seventh Budget Committee meeting (if necessary)

June 3 (Mon) Council Meeting – Public Hearing & Budget Adoption

Budget Basics - Role and Process of the Budget Committee

6

- Committee Orientation, Tour, and Overview of Newberg Budget Meeting Process (April 20)
- First Meeting (April 23)
 - ❖ Budget Officer delivers the Budget Message
 - ❖ Begin Fund Presentations
- Second Meeting (April 25)
 - ❖ Continuation of Fund Presentations

Budget Basics - Role and Process of the Budget Committee

7

➤ Third Meeting (April 30)

- ❖ State Shared Revenues Public Hearing to discuss possible uses of these funds. Based on per capita formulas, certain revenues collected by the state are distributed among cities, including taxes on liquor, cigarette, gas, marijuana, and phone (911 tax).
- ❖ Consider requests for external funding
- ❖ Continuation of Fund Presentations

➤ Fourth - Seventh Meetings (May 2, 7, 14, & 21). Not all meetings necessary.

- ❖ Wrap up Fund Presentations
- ❖ Committee Deliberation
- ❖ Approve the budget and set the taxes
- ❖ The Budget Committee duties are now complete!

Budget Basics - Role and Process of the Budget Committee

- City Council Meeting (June 3)
 - ❖ Public Hearing on the budget
 - ❖ Public Hearing on the proposed uses of state revenue sharing funds
 - ❖ Adopt the budget – Four components, one resolution
 - Adopt the budget as total number (\$93 mill for FY 2018-19)
 - Make appropriations (legal spending authority)
 - Impose the Tax (declaration of each levy as amount or rate)
 - Categorize the Tax (Education, general govt, or bonded indebtedness)

Budget Basics - Role and Process of the Budget Committee

➤ Why?

- ❖ Required by Oregon State law
- ❖ Public process to receive comments and questions
- ❖ IT'S FUN(D)!!!

Budget Basics - Resources

10

- Carryover – Beginning Fund Balance
- Property Taxes
- Charges for Services
- Franchise Fees
- Grants
- Bond Proceeds
- Donations
- Interfund Transfers In
- Interest Revenue

Budget Basics - Requirements

11

- Personnel Services
- Materials and Services
- Capital Outlay
- Debt Service
- Special Payments
- Interfund Transfers Out
- Contingency
- Reserved for Future Expenditure
- Unappropriated Ending Fund Balance (UEFB)

Budget Basics - Terminology

12

Approp. Vs Non-approp.	Supplemental Budget Categories	Newberg Budget Appropriation Level	Budget Categories
Appropriations	Expenditures	Program	Personnel Services
			Materials and Services
			Capital Outlay
		Debt Service	Debt Service
		Special Payments	Special Payments
	Interfund Transfers	Interfund Transfers Out	Interfund Transfers Out
	Contingency	Contingency	Contingency
Non- Appropriations	Ending Fund Balance	Non-appropriations	Reserves for Future Expenditures Unappropriated Ending Fund Balance

Budget Basics – Changes to the Budget

- Changes arise due to unforeseen circumstances unknown at time of budget preparation.
- Supplemental budget
 - ❖ Appropriate new revenue.
 - ❖ Create a new fund. A new fund can be created by the Adopted Resolution as well.
 - ❖ Creating a new appropriation category that doesn't exist in current budget.
 - ❖ Good through the end of the fiscal year.
 - ❖ Can't be used to impose new taxes.
 - ❖ Can't be used to spend from the Unappropriated Ending Fund Balance except for civil disturbance or nature disaster.

Budget Basics – Changes to the Budget

- Supplemental budget (continued)
 - ❖ If expenditures in any fund are adjusted by 10% or less, the governing body adopts the supplemental budget via resolution without a public hearing or special newspaper notice.
 - ❖ If expenditures in any fund are adjusted by more than 10% or create a new fund or new appropriation category, a public hearing must be held with public comment before adoption. Newspaper publication of summary of changes for the funds changing more than 10% is required.

Budget Basics – Changes to the Budget

➤ Resolution Transfer

- ❖ Transfers between appropriation categories within a fund. No net increase in total appropriations. Most common type is from Contingency to an appropriation category from which the funds will be spent. No expenditures are spent directly from Contingency. Transfers from Contingency greater than 15% in one year require the use of the Supplemental Budget process described above.

Budget Basics – More Information

16

- Oregon Department of Revenue Local Budget Law website (link below) has good resources such as:
 - ❖ Local Budgeting in Oregon – designed for the public and budget committee members
 - ❖ Local Budgeting Manual – The practioner's bible

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

Budget Basics - Public Meeting Rules

- Discussions need to take place in a public meeting. You are strongly encouraged to discuss the budget with others not on the Budget Committee. Take strict care to avoid committee deliberation among committee members that should be conducted at the public meeting.
- Questions and requests for information should be directed to the Budget Committee chair, Finance Director, and Budget Officer (City Manager) who will coordinate to provide answers at the next meeting for the benefit of the full committee.

Meeting Format

- Delivery of the Budget Message
- Presentation of Funds in order of Table of Contents
 - ❖ Presentation of FY 2019-20 numbers with highlight of major changes. These changes are described in the corresponding narrative, so please read in advance.
 - ❖ Presentation of Unfunded Department Priorities
 - ❖ Presentation of Budget Reductions of 5%

Questions?