

*Budget Committee  
Budget Process  
Overview*

February 15, 2017



**WILSONVILLE**  
OREGON

# Agenda

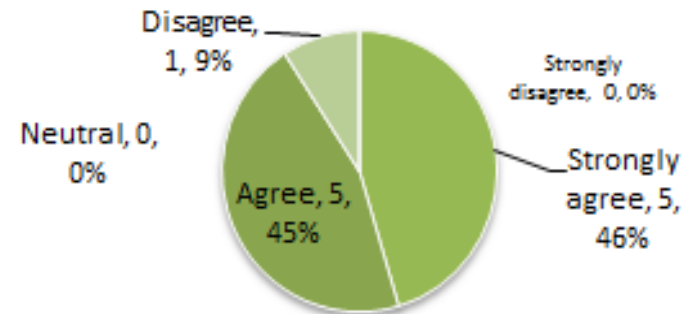
- Survey and Calendar
- Budget Basics & Building a Budget
- Building the City's Budget
- Approving the City's Budget
- Adopting the City's Budget
- Changes after Adoption



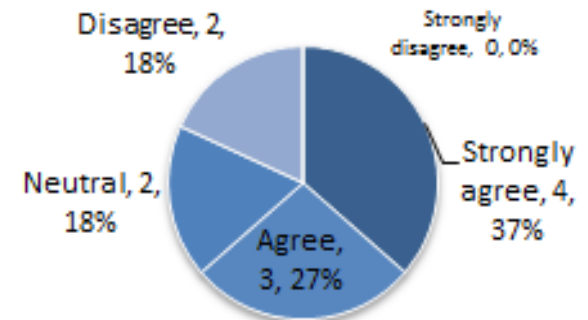
# Survey

## Results to Budget Committee Survey

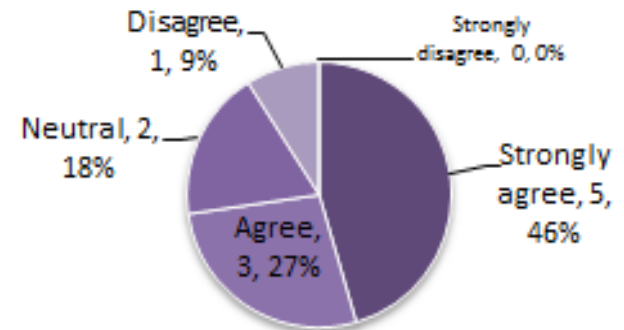
Does incorporating the five-year forecast into the budget review sound like a change that would add value to your budget review?



Does having a mid-review of the financial status of the City, along with year-end estimates, provide information you find valuable?



Would you be interested in attending an optional "Budget 101" presentation, most likely in February of 2017?



# Calendar

## February 2017

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15 Budget Process Overview	16	17	18
19	20	21	22	23	24	25
26	27	28				

# Calendar

## March 2017

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
			1	2	3	4
5	6	7	8	9	10	11
12	13	14	15 Mid-Year Review	16	17	18
19	20	21	22	23	24	25
26	27	28	29	30	31	

# Calendar

## May 2017

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
	1	2	3	4	5	6
7	8	9	10	11	12	13
14	15	16	17	18 1st Budget Committee	19	20
21	22	23	24	25	26	27
28	29 Mem Day	30	31			

# Calendar

## June 2017

SUNDAY	MONDAY	TUESDAY	WEDNESDAY	THURSDAY	FRIDAY	SATURDAY
				1 2nd Budget Committee	2	3
4	5	6	7	8 3rd Budget Committee (tentative)	9	10
11	12	13	14	15	16	17
18	19 Budget Adoption	20	21	22	23	24
25	26	27	28	29	30	

# Budget Basics



Because money matters.



# Building a Budget

- What is the Budget?
  - Numbers, Charts
  - Legal Document for Spending
  - Policy Document
  - **Expression of Community Values and Priorities**
    - ❖ Council Goals
    - ❖ Community Survey



# Building a Budget

- Oregon Revised Statutes
  - ORS 294.305 through 294.565 = “Budget Law”
- Government Finance Officer’s Association
  - Annual award for past 19 years



# Building a Budget

- ORS 294 = Budget Law
  - Specifies the three phases
  - Must have adequate resources
  - Must budget for foreseen items
  - Must set “budget control levels” or appropriations, which cannot be overspent
  - Dictates many elements contained in Budget Book



# Building a Budget

- Government Finance Officers Association Award
  - Validates City is following best practices in budgeting, such as including capital plans and financial policies
  - Adds additional context such as goals, priorities and issues
  - Ensures usability and understandability by including overviews and trends



# Building a Budget

- Three stages
  - Proposed
  - Approved
  - Adopted
- Objective is creating authority to spend



# Building the City's Budget

- Department Requests
- Fund Resource Evaluation
- Council Goals and Emerging Needs
- Prioritization



# Building the City's Budget

- Department Requests
  - Level of service provided today inflated to next year
  - Changes to levels of service communicated through “add packages”
- Fund Resource Evaluation
  - Revenue sources are analyzed
  - Fund balances verified
  - Risks to each fund evaluated
  - Financial policy targets set



# Building the City's Budget

- Council Goals and Emerging Needs
  - Add packages considered through these lenses
  - Overall budget evaluated to ensure City on right track
- Prioritization
  - City Manager considers and discusses items with departments
  - Each Fund must be balanced





# Building the City's Budget

- Cost escalators

- Inflation

- ✓ Portland/Salem in 2016 = 2.1%
    - ✓ US City Average in 2016 = 0.1%
    - ✓ Utilities range from 2% to 5%, and also on usage

- PERS

Plan	No. of Participants	Contribution Rate	July 1, 2017
OPSRP	87	10.55%	13.46%
TIER 1 & 2	56	16.59%	20.73%
<b>Total</b>	<b>143</b>		



# Building the City's Budget

- City Funds

- General Fund

- Special Revenue Funds

- Community Development
- Building Inspection
- Transit

- Road Operating
- Road Maintenance
- Urban Renewal

- Enterprise Funds

- Water Operating
- Sewer Operating

- Stormwater
- Street Lighting



# Building the City's Budget

- City Funds
  - Internal Service Fund
    - Fleet
  - Debt Service Fund
  - Capital Project and SDC Funds
    - Water
    - Sewer
    - Streets
    - Stormwater
    - Parks
    - Facilities (no SDC)



# Building the City's Budget

- Fund Accounting

Fund Accounting	
Revenues	Unrestricted Use
	Restricted Use

# Building the City's Budget

- Fund Restrictions (examples)

Fund	Type	Source of Restriction
General	Unrestricted	
Building	Restricted	State Statutes
Street	Restricted	Constitution (Gas Tax)
Utilities	Restricted	State Statutes
System Dev Charges	Restricted	State Statutes

# Building the City's Budget

- Balanced Budget
  - Resources = Requirements

## Resources

Beginning Fund Balance	Cash in bank on July 1
Revenues	Cash coming into the City
Fund Transfers In	Cash from another fund

# Building the City's Budget

- **Balanced Budget**
  - Resources = Requirements

## Requirements

Expenditures	Cash leaving the City
Fund Transfers	Cash going to another fund
Ending Fund Balance	Cash in bank on June 30

# Building the City's Budget

Beginning Fund Balance  
+ Revenues  
+ Fund Transfers In  
– Expenditures (A)  
– Fund Transfers Out (A)  
– Contingency (A)  
Ending Fund Balance

*(A) = Appropriation*





# Building the City's Budget

## Fund Summary - Resources

### #310 - Water Operating Fund Summary

	Actual 2013-14	Actual 2014-15	Budget 2015-16	Proposed 2016-17	Approved 2016-17	Adopted 2016-17
<b>RESOURCES</b>						
Revenues:						
Usage charge	\$ 5,549,761	\$ 6,417,806	\$ 6,140,000	\$ 6,335,582	\$ 6,335,582	\$ 6,335,582
Sherwood usage	1,012,154	1,044,311	990,000	990,000	990,000	990,000
Connection fees	91,486	132,799	75,000	80,000	80,000	80,000
Turn-off charge	7,563	14,190	12,000	12,000	12,000	12,000
User fee - fire charge	128,415	134,013	135,000	135,000	135,000	135,000
Investment income	26,353	27,929	33,000	45,000	45,000	45,000
Miscellaneous	20,335	30,005	1,500	24,000	24,000	24,000
Revenue Subtotal	6,836,067	7,801,053	7,386,500	7,621,582	7,621,582	7,621,582
Transfers from other funds:						
Water SDC Fund	350,000	350,000	350,000	350,000	350,000	350,000
Interfund loan repayments:						
Road Operating Fund	-	-	-	81,500	81,500	81,500
Stormwater Operating Fund	-	-	-	102,000	102,000	102,000
Interfund Loan Rpymts Subtotal	-	-	-	183,500	183,500	183,500
Beginning fund balance	5,166,172	6,262,753	7,029,366	9,319,698	9,319,698	9,319,698
<b>TOTAL RESOURCES</b>	<b>\$ 12,352,239</b>	<b>\$ 14,413,806</b>	<b>\$ 14,765,866</b>	<b>\$ 17,474,780</b>	<b>\$ 17,474,780</b>	<b>\$ 17,474,780</b>

# Building the City's Budget

## Fund Summary - Requirements

### #310 - Water Operating Fund Summary

	Actual 2013-14	Actual 2014-15	Budget 2015-16	Proposed 2016-17	Approved 2016-17	Adopted 2016-17
<b>REQUIREMENTS</b>						
Expenditures:						
Personnel services	\$ 437,637	\$ 484,685	\$ 537,575	\$ 612,973	\$ 612,973	\$ 612,973
Materials & services	3,116,605	3,269,882	3,276,252	3,372,055	3,372,055	3,372,055
Capital outlay	18,732	82,377	190,500	279,200	279,200	279,200
Debt service	1,873,948	1,874,280	1,872,583	1,878,000	1,878,000	1,878,000
Expenditures Subtotal	5,446,922	5,711,224	5,876,910	6,142,228	6,142,228	6,142,228
Transfers to other funds:						
General Fund	426,116	493,370	569,679	602,636	602,636	602,636
Water Capital Fund	216,448	395,149	750,321	1,072,282	1,072,282	1,072,282
Building Capital Fund	-	-	-	542,750	542,750	542,750
Interfund loans:						
Streets Capital Projects Fund	-	-	-	400,000	400,000	400,000
Stormwater Capital Projects Fund	-	-	-	500,000	500,000	500,000
Transfers/Interfund Subtotal	642,564	888,519	1,320,000	3,117,668	3,117,668	3,117,668
Ending fund balance						
Committed (unappropriated)	832,000	832,000	761,000	797,100	797,100	797,100
Assigned (designated)	1,831,373	2,138,148	2,733,000	2,833,000	2,833,000	2,833,000
Assigned (contingency)	3,599,380	4,843,915	4,074,956	4,584,784	4,584,784	4,584,784
Ending balance Subtotal	6,262,753	7,814,063	7,568,956	8,214,884	8,214,884	8,214,884
<b>TOTAL REQUIREMENTS</b>	<b>\$ 12,352,239</b>	<b>\$ 14,413,806</b>	<b>\$ 14,765,866</b>	<b>\$ 17,474,780</b>	<b>\$ 17,474,780</b>	<b>\$ 17,474,780</b>

# Approving the City's Budget



# Approving the City's Budget

- Budget Committee
  - Outlined in ORS 294.414
  - Members of the governing body
  - Equal number of electors of the municipality
    - ✓ Serve 3-year terms; limited to two terms



# Approving the City's Budget

- Budget Committee Duties

- Receives Proposed Budget
- Takes public comment
- Deliberates and may modify Proposed Budget
- Approves Budget and Taxes

- \* *Each fund must balance in the Approved Budget.*

- \* *Changing expenditures does not change available resources.*



# Approving the City's Budget

- Budget Committee Duties

- Must have a quorum to conduct business (6 members)
  - ✓ If a quorum exists outside of budget committee meeting time, must refrain from discussing the budget
- Affirmative vote requires a majority (6 members)
- Can only act as a group
  - ✓ Individuals can propose amendments but need a second and then an affirmative vote
- Public discussion only, refrain from private conversations
- Speak up! The purpose of the Committee is to deliberate and discuss the budget



# Adopting the City's Budget



# Adopting the City's Budget

- City Council

- Holds a Public Hearing
- Can modify individual funds by up to 10% of expenditures
  - ✓ Changes in excess of 10% requires another notice and hearing
- Can modify the taxes as set by the Budget Committee
  - ✓ Only up to the permanent rate, and only after another notice and hearing
- Adopt the budget by passing the Budget Resolution
- Passes resolution prior to July 1 to levy taxes and spend money





# Changes After Adoption



# Changes After Adoption

- Requires Council Action
- Funds transferred from a previously appropriated category
- Transfers from a fund's contingency in the form of a “supplemental budget” may be done
  - ✓ For items not reasonably foreseen at the time the original budget was prepared
- Funds that become available through revenue such as a grant



**Questions?**